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9 NOVEMBER 1989



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Soviet Union

WORLD ECONOMY & INTERNATIONAL RELATIONS

No 7, July 1989

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[The following are selected translations from the Russian-language monthly journal MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA published in Moscow by the Institute of World Economy and International Relations of the USSR Academy of Sciences. Refer to the table of contents for a listing of any articles not translated.]

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Summaries in English of Major Articles

18160016a Moscow *MIROVAYA EKONOMIKA I MEZHDUNARODNYE OTNOSHENIYA* in Russian
No 7, Jul 89 pp 158-159

[Text] V. KUZNETSOV. "Western Experience and Soviet Economic Reforms"(second article). The problem of a price reform has become a subject matter of acute discussions among leading Soviet economists. Many of them have lately offered the so-called "non-inflationary" approaches to the reform, thus reflecting the general concern over the possibility of price rises. In his article V. Kuznetsov attempts to look into the post-war economic policy of the Western countries and analyze—how did they manage to combine the continuing price rises with growing living standards in the society and its effective economic development. A free and unbiased discussion of the problems of pricing policy and price reforms in the Soviet Union is somewhat limited, mainly due to the widespread myth of the incompatibility of the rise in the general level of prices with the principles of Soviet economy. The public opinion is also anxious about possible negative social consequences of inflation, since the eroding purchasing power would lead to the erosion of fixed income and savings. However, the experience of several industrially developed countries shows that they have managed to cope with negative effects of inflation by adopting a number of measures which are discussed at length in this article.

The author maintains that any type of inflation stems from disharmony in fundamental economic proportions. Therefore, to combat inflation one should undertake a serious and long-term structural policy, aimed at eliminating disproportions. The effective form and methods of production management, offered by the experience of the West, could be fruitfully used in the process of restructuring of Soviet economy and would help to avoid unnecessary mistakes.

O. MILLER. "Supply-Side Theory and the Tax Policy in the United States". In his study the researcher from the Chelyabinsk Polytechnic Institute sheds much light on the role of taxes in economic decision-making based on the theory of supply-side economics. The theory in itself is not new. However it has been claimed recently that its approaches play a decisive role in economic development. As opposed to the Keynesian concept of fiscal policy, the aforementioned theory centers around the implications of state economic activities on the supply of the factors of production (labor and capital) rather than on aggregate demand. The author outlines main differences between the two concepts, points out several contradictions in the supply-side theory and in the conservative model of fiscal policy forwarded by its proponents. Another important issue discussed in the article is the outcome of tax reforms adopted by the Reagan administration. The author concludes that economic development of the United States in 1981-85 followed quite a different scenario than the one that had

been suggested by the theorists of the supply-side economics. Assessing the economic consequences of tax reforms, the author points out that though some concrete results have been obtained, the administration failed to achieve coherence in its efforts. Hence, no definite answer can be given at present as to the possible future effects of reforms in the tax policy.

The advocates of supply-side theory, emphasizes the author, pinpointed major deficiencies of US economy. However the remedies, proposed by them, proved to be insufficient. The lowering of taxes alone cannot solve the existing problems. What is needed is a number of reforms, since the dynamics of economic growth depends on many different factors, among which the level of taxation is an important, but not a decisive element. V. LARIONOV. "Conventional War in Europe: Possible Consequences and the Ways of Prevention". The article is offered by Major General V. Larionov, a scientific consultant to the Institute of US and Canada Studies of the USSR Academy of Science. In the first part of his article the author considers the situation in Europe from the point of view of the possibilities of a military conflict between the two blocs-WTO and NATO. General Larionov emphasizes the importance of this question, especially nowadays, when the arsenals of the so-called "conventional weapons" are changing drastically, not only in quantitative terms, but also in quality. Today the developments in the field of these weapons put them on the same scale with the nuclear weapons. Taking into consideration the relatively small area of hypothetical military conflict and the great density of such potentially dangerous targets as nuclear power plants, dams, chemical plants and depots, it becomes clear that a conventional conflict would result in general disaster even without using nuclear weapons. From the point of view of the author, all this necessitates urgent negotiations not only on the reduction of nuclear weapons but of the conventional forces and weapons as well.

The author has analyzed the conduct and results of previous negotiations on the reduction of conventional forces in Vienna and offers a more scientific method of comparing the balance of forces and weapons. This method is based on expert evaluation of the existing arsenals in "combat units", i. e., mathematical calculation of the power of military formations, which would include different type of hardware. The resulting values of "combat potential" of all the units could be summarized and later used in different mathematical models and calculation during negotiations, as well as for other purposes. According to General Larionov, this method is easier to work with, than others, suggested by different experts in this field.

G. MIRSKY. "Authoritarianism and Power of the Military in the Third World". The reviewed article gives a profound analysis of the role of the military in developing countries governed by authoritarian regimes. The idea of a democratic world order would never be realized without proper democratization of domestic policies,

without neutralizing existing authoritarian tendencies leading to the establishment of military dictatorships. In examining the roots of the problem the author particularly emphasizes the weakness of civil bureaucracies in a number of developing countries, their inability to cope with major economic and social issues, as well as other factors, bringing forward the army as the only force that is able to govern, albeit temporarily. The author further analyzes specific and fundamental contradictions between the army as a professional institution on the one hand and the military elite in power—on the other. Although the army becomes a politically dominating force, the actual ruling functions are assumed by the elite which distances itself from the army and exercises governmental control according to its own interests. The special interests of new military bureaucracy and of unit commanders may come in conflict, resulting in plots, purges and dismissals among the officers—as often is the case with military regimes. The longer is the term of a military regime in power, the more repressive course it takes, the higher are the rates of inflation in the country, the bigger share of national wealth is spent in the interests of military establishment. The article offers an in-depth analysis of conditions creating possibilities for the eventual transition of power from the military to the civilian administration. The emerging democratic trends in the world community, suggests the author, could be further promoted by the overall improvement of international political situation, widespread recognition of the principles of justice and humanism in the relations between states.

V. SMIRNOV **"The great French Revolution and the Present-Day World"**. The article is devoted to the bicentennial anniversary of the French revolution which marks the downfall of the old autocratic regime in France. To this day, the capture of the Bastille on July 14 is celebrated by the French as the birthday of their national liberties. It is emphasized, that the French Revolution was of epoch-making importance, not for France only, but for the whole world; for it set in motion those revolutionary forces—democracy, nationalism, socialism—which have changed the face of Europe and of the world. Many of the ideas, embodied in the 1789 Declaration of the Rights of Man, subsequently formed the basis of international documents concerning human rights, including the UN Universal Declaration on Human Rights, the International Covenants and the Helsinki Final Act. However, until recently, the principles of human rights have been regarded by the Soviet and foreign Marxists as pertaining exclusively to the bourgeois democracy. The author believes that today, in the context of new political thinking, these ideas of the French revolution should be viewed as universal human values, a great achievement of civilization.

M. VOVELLE. **"The Debates on the Issue of the 200th Anniversary of the Revolution"**. Written by a well-known French historian, this article brings sharply into focus the ideological polemics that is going on in his country on the eve of the 200th anniversary of the French

Revolution, gives a wide coverage of the views, expressed by the participants to the debate. The author reviews different positions on that issue of the Marxist, liberal, the so-called "revisionist", conservative and other schools of thought. Some of them regard the Revolution as an event of historic significance, others—as an example of collective madness. In spite of the fact, that the ultra-right forces in France, supported by the mass media have recently launched a vigorous propaganda campaign against the Revolution, it is still rated highly by the majority of the French population, according to the public opinion polls.

In author's view, the French Revolution played a paramount role in the history of mankind, for it has abolished the old order, based on inequality and exploitation of man, voiced out the peoples' strive for liberty, justice and human dignity, declared important ideas and principles that are still valid today. In other words, the Revolution remains to be the first deliberate attempt in history to improve the world. It has become a model with long-term implications, reaching far beyond national boundaries.

K. OGAWA. **"Interdependence in the Pacific Region and the Soviet-Japanese Cooperation in Trade and Economy"**. A distinguished Japanese scientist, eminent expert in the sphere of East-West economic cooperation, investigates into ways to develop economic relations between the USSR and Japan on a mutually beneficial basis. Reviewing the Soviet participation in the regional economic processes, the author points out to the increased interest of the new Soviet leadership towards the Asia-Pacific region, indicates, that new policy approaches are being developed to improve foreign trade relations with this very dynamic area of the world economy.

The author notes that although there are certain circles that are suspicious of Soviet involvement in the area, their influence will decrease with the wider awareness of the public to the sincerity of Soviet intentions. The article critically examines the present state of Soviet-Japanese trade and economic relations, analyses existing problems concerning the imbalance of import and export structures, and, what is important, shows new promising perspectives that could radically improve the present situation.

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FROM THEORY TO PRACTICE

Inflation Inseparable from Rational Price System

18160016b Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7, Jul 89 pp 5-17

[Article by Viktor Ivanovich Kuznetsov, chief scientific associate, IMEMO, USSR Academy of Sciences: "The Western Experience and Our Economic Reforms. Article Two"]

[Text] In an interview O. Latsis likened the state of our economy in the fourth year of perestroika to an airplane that has pulled out of a tailspin and gone into a controlled dive. But if the same image is used to evaluate the discussion of price reform, the sequence is reversed. In the journal *KOMMUNIST*¹ T. Zaslavskaya decisively expressed the idea of the need for structural by raising the prices on unprofitable products. The idea has been supported by specialists and almost unanimously rejected by the broad readership. By the end of 1988 the discussion had become an amalgam of contradictory points of view with a single feature in common: the reluctance to stand before the public as a person who is compelled or inclined to admit that our neglected national economy cannot be restructured without a rise of the general price level, i. e., without inflation. And even though the inflationary component of our prices has risen from four eight percent², the discussion has turned in the direction of the search for noninflationary reforms. Recent advocates of higher prices are now moving to the "stability" camp.

Noting the obvious fear that specialists and the public have of the word "inflation," I posed the question: how has the West during the entire postwar period managed to combine the "absolute evil" of the virtuously continuous rise of the general price level with the rising living standard of the working people and the effective development of an intensive economy? Has it succeeded where our economy with its system of rigidly fixed, stable prices, i. e., a formally noninflationary system, has stumbled?

To answer this difficult question will require the readers' time and patience.

Inflation

Inflation today is understood to mean the aggregate of several features that are characteristic of a special state of the economy. An economy can be called inflationary if there is a stable rise of the general price level, if it at the same time is not of a random but rather of a self-sustaining (as the specialists say, cumulative) nature, if the rise of prices is due to the disproportion of the basic macroeconomic correlations (supply-demand, accumulation-consumption, etc.), if economic agents, basing their decisions on the inevitability of a general overall price increase in the immediate future, acquire an inflationary type of behavior. There are two types of inflation: "creeping" and "runaway." Some Western economists are prone to regard the increase in money in circulation that usually accompanies an inflationary economy to be the consequence of the passive adaptation of the credit-monetary system to the changing demand for money on the part of economic agents. Others consider the supplier of money to be the state, which is capable of regulating the quantity of money in circulation.

The definition shifts attention from the formal condition of development of the inflationary process (the overabundance of paper money in the channels of circulation) to the reasons behind it and the mechanism that supports it. It is thereby emphasized that the sources of inflation must be sought in the disruption of economic proportions, while inflation proper is merely the economy's spontaneous reaction to the violation of the law of value. The ignoring of the law of value sooner or later inevitably results in the domination of all initiative in society by political power. Open inflation at least explicitly proclaims that something is wrong and demands the elimination of the processes that generate and sustain disproportions in reproduction.

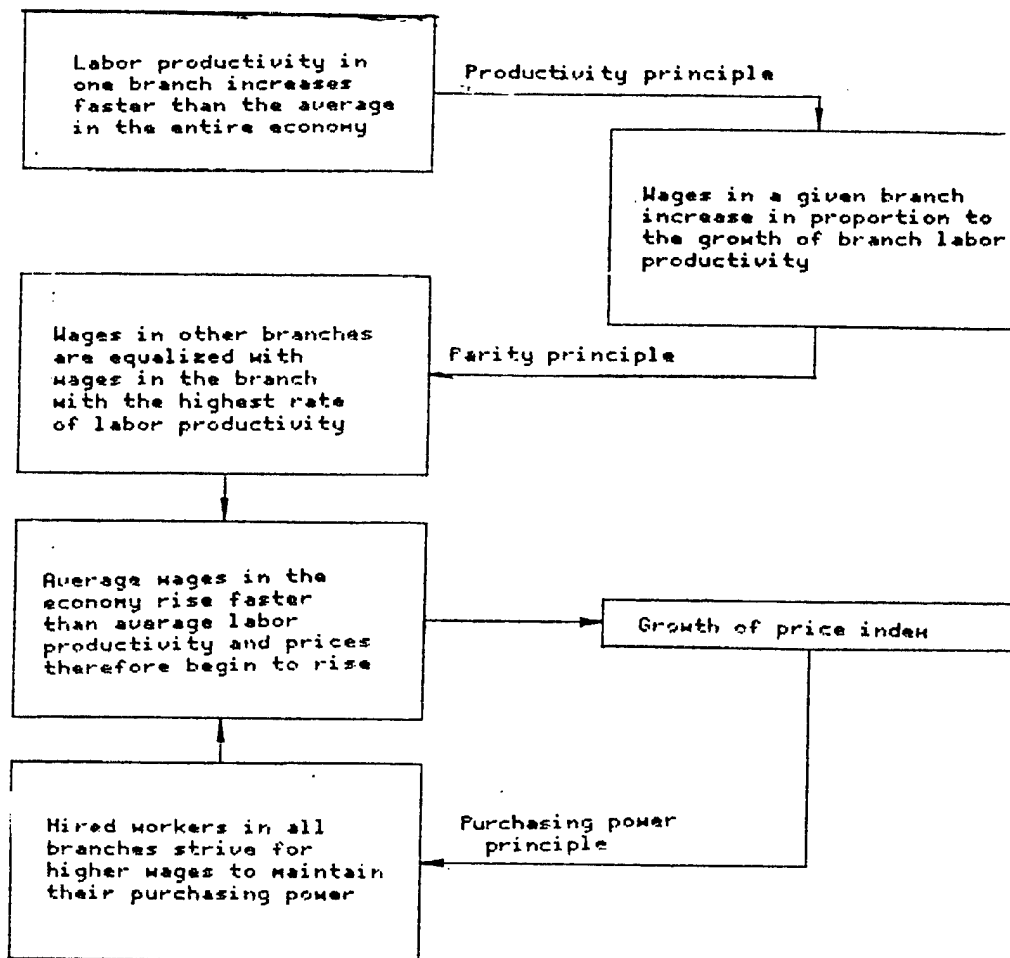
Modern theories of inflation name several principal factors that generate value disproportions³: the imbalance of state expenditures and revenues if, moreover, the scarcity is offset by compulsory loans in the banking system or with the aid of the printing press; analogous methods for financing investments—removal of part of today's promise against the promise of future compensation as a result of new production; monopolistic or administrative price formation, which under the conditions of developed credit-monetary relations leads to so-called one-sided elasticity of prices; the relatively more rapid growth of production costs, including wages, the increase in labor productivity; higher prices on imported products, etc.

The inflation mechanism can be illustrated by the "three P's" system proposed by French economist R. Kurbis. While it does not include all possible inflationary factors, it is based on three postulates that quite precisely reflect the behavior of economic agents. The "productivity principle" is based on the observation that branch wages usually grow in proportion to the growth of branch labor productivity. The "parity principle" holds that hired workers with the same skill level aspire to receiving equal pay for their work regardless of the branch in which they work. The "purchasing power principle" reflects the fact that as a result of the struggle to preserve their living standard, hired workers usually strive for regular increases in their nominal pay in proportion to the growth rates of the general level of consumer goods prices.

If all three postulates are true, the following schema of the cumulative rise of the general price level can be constructed (see figure).

According to the schema, inflation originates and is maintained as a continuous, naturally developing process. The inflationary effect arises from the interaction of two different laws: the law of growth of labor productivity and the law of value of labor power. The first expresses the features of scientific-technical progress, the economic effect of which is differentiated by branch. The action of the second is universal and if it is differentiated the differentiation is national, territorial and geographical. The inflationary effect originates, in particular, because the rapid growth of labor productivity in one

Cumulative Rise of the General Level of Prices



branch is not necessarily the result of the increased effort of the workers in the given branch. It is far more likely that growth will be due to the increase in the technical productivity of equipment that has been developed and produced in other branches, especially in the sphere of scientific research where there is no appropriate yardstick of labor productivity. The "injustice" of raising wages in proportion to the growth of technical labor productivity in one branch is compensated by the socio-economic mechanism that equalizes the rate of increase in wages in others where the rate of increase in labor productivity is lower than in the leading branch. The rise of the general level of prices is the result of equalization.

It is the structural nature of inflation-generating factors that makes this process an integral element of a modern, highly developed social economy and a characteristic feature in the present stage of capitalist development. This is because the socialization of production has to date gone so far that it has led to the narrowing of the sphere of action of the law of value in all markets—the

commodity market, the money market, the labor market—and to the multiplication of various kinds of non-market constraints. Western economic science calls this phenomenon institutionalization.

There is still a certain measure of indeterminacy about the content of the institutionalization concept. "Nevertheless," write Canadian economists G. Breton and C. Levasseur, "the use of the category of institutional forms is extremely useful because this category marks the break with the view of economics as a balanced, harmonious world...that is cleansed of everything that specifically gives it the dimensionality and richness of social life..."⁵

Institutionalization embraces practically all aspects and forms of markets. Thus, the labor market was fundamentally transformed after it became the common practice to conclude collective contracts on the size of direct pay and the procedure for organizing the labor process: the legislatively established minimum wage became the point of departure in calculating wages in the entire wage-scale system; the indexing of the growth of nominal

pay in terms of the growth of prices was instituted; and finally, after the state took into its hands the financing of some of the most important types of collective consumption (health, education).

Institutionalization made substantial changes in the reproduction of capital. If all the enumerated institutional forms are translated into the language of production costs, it is easy to see that the latter have become relatively static quantities that are practically independent of the state of the demand for products. The level of the market price in a highly institutionalized economy is predetermined by costs.

When the costs are fixed, any diminution of the demand for any specific good results either in the curtailment of its supply (in the loss of a share of the market) or, if the producer decides to lower the price, in the disproportionately greater reduction in the profit mass and norm, which dramatically disrupts the reproduction and accumulation of fixed and working capital. Example: if the price of a product is 90 percent costs and 10 percent profit⁶, the lowering of the price of the product by 1 percent will reduce the profit mass by 10 percent; a 10-percent price reduction will leave the entrepreneur without any profit whatsoever. If one considers that entrepreneurial capital proper includes both fixed incomes and incomes that are difficult to curtail⁷, one can understand why the voluntary lowering of the nominal prices of products almost disappears from entrepreneurial practice as an element of market behavior in a highly institutionalized economy. To the contrary, rising prices become the norm. Our economic science interprets this fact as a sign of the monopolization of the exchange sphere and consequently of the conscious if not ill-intentioned strategy of the monopolies⁸. However in an institutionalized economy, this phenomenon, which is by nature monopolistic, is not always the result of the producer's monopoly. Its sources may lie in other types of monopolies, in particular, in the state's monopoly on the regulation of production and economic relations in the form of mandatory legal norms. The entrepreneur proper in this case is more the victim than the initiator of the monopoly.

If the necessity of inflation originated as a consequence of the all-embracing institutionalization of economic relations, the potential for inflation was created by the transition from the gold standard to paper money.

External paper, or more precisely, credit, money⁹ need to abandon gold banknotes during World War I and then in the period between wars. It later became clear that mankind, being prompted to do so by the objective laws of economic development, had in so doing produced one of its most brilliant inventions. The fantastically expensive "gold band" not only increased the operating costs of monetary systems (the difficult-to-manage ebb and flow of metal in circulation had a destabilizing effect on the capital cycle), but also generated or appreciably aggravated economic crises and led to enormous losses of social labor.

Credit money facilitated the mobilization of resources and the financing of investments. It moved the potential for real accumulation beyond the limits of voluntary accumulation of monetary capital, thereby creating or recreating on a new basis numerous forms and methods of forced borrowing from present generations of people for the benefit of their progeny—from the primitive (the printing press) to the most refined (liquid forms of long-term investment of monetary capital that extend into the '80's)¹⁰.

Credit money facilitated the mobilization of resources and financing of the amount of money in circulation and, making it dependent on the demand for money by economic agents, made it possible to resolve the problem of preserving price competition under the conditions of the all-encompassing institutionalization of economic forms. The purchasing power of credit money is highly erodible and hence this money can be used to service the exchange of goods and services—the prices of which rise—without disrupting the course of actual reproduction. Inflation at the same time enables the entrepreneur to preserve competitive price techniques by simply regulating the rate at which the cost of his product rises. Unlike the lowering of prices, the deceleration of the rate at which prices rise does not demand that the entrepreneur address the suicidal problem of encroaching on fixed incomes that are a part of production costs in the form of expenditures. Against the background of "creeping" inflation, while not violating the laws concerning the minimum wage, fixed payments to social insurance funds, and tax payments to central and local budgets, while not demanding the ahead-of-schedule revision of collective contracts previously concluded with his workers, in a word, while continuing to lawfully observe all the constraints imposed on him by society, the enterprise manager is still able to wage the struggle against his competitors in the market. The fact that all prices rise is not significant. The important consideration for successful price competition has always been not nominal but relative prices—comparison with the prices of other participants in the market procedure.

The preservation of price competition (and any competition can ultimately be depicted as price competition) means preserving the market instrument for comparing social (effective) needs with individual costs of production of goods and services that satisfy these needs. The preservation of competition and the market mechanism, albeit in altered form, means that the main factor that prompts the producer to develop scientific-technical progress and to actively incorporate its results into production continues to operate. It is specifically in this sphere that the West has demonstrated its superiority over the administrative economics of socialism.

The rejection of inflation by broad strata of the population and specialists is connected with its social consequences. The erosion of the purchasing power of money simultaneously means the erosion of fixed incomes and accumulations in monetary form. Another reason why it is difficult to discuss price formation and price reform

impartially is that the myth that the rise of the general price level is incompatible with the principles of socialist economic management has been cultivated too long in our country. Consequently any technical and professional discussion of prices automatically takes on ideological and political overtones that force specialists to be so circumspect in their pronouncements that their actual position is often unclear.

The compatibility of rising prices with the stability of incomes is a problem that also exists in the West. It can now be considered more or less resolved at least in the industrially developed countries.

How was this possible? The negative social effect of inflation has been neutralized if not eliminated entirely by two types of state policy: (1) through the implementation of measures to prevent the development of "creeping" inflation into "runaway" inflation (anti-inflationary policy); and (2) indexing the growth of incomes to the growth of consumer goods prices that determine the average family's living standard. Both mechanisms are far from perfect. But on the whole it has proven its efficacy and social utility, especially in the '50's and '60's.

The capitalist world experienced two large inflationary waves after World War II: during the transition from the wartime to a regulated market economy (1945-1952) and in the '70's after two "oil shocks" that "shook" the entire structure of world and national wholesale and retail prices (1974-1981). In both cases, it took several years to halt cumulative inflationary processes, to calm down the spontaneous forces that were out of control. During the years of struggle against inflation, there were pronounced declines in the tempo of production due to measures taken by the government.

The complexity of the anti-inflationary policy consists in the fact that the basic levers that are used to interrupt the cumulativeness of the inflationary process at the same time are a brake on economic growth and the effective demand of the population¹¹. Indeed, let us assume that, following the classical formula that maintains that "the excess of money in circulation" is the cause of inflation, experts recommend "shutting off the flow of excess money that clogs the channels of circulation."¹² But the instant you look at this flow, you find that it does not simply mechanically enter certain channels of circulation of goods and money, but that before it reaches these channels it forms and creates the constantly reproducible effective demand of vast social groups of the population. What is more, the latter frequently occupy an economically or politically important place in society: otherwise the government would not resort to disrupting the principles of healthy monetary circulation. "Shutting off the flow of excess money"—its regular reproduction—is the main question in the life of these groups of people. At the same time, they cannot understand the very fact that the question of destroying the source of their income is posed because they are in no way to blame for the fact that their activity is financed by the printing press.

The disruption of fundamental economic proportions is the basis of all inflation. Therefore the struggle against inflation is not merely the "shutting off of channels" but is also serious **structural** policy of many years standing directed toward overcoming national economic disproportions. It is impossible to liquidate them with the aid of one-time reforms that "put everything in their place once and for all time."

The postwar Western economy generated inflation in several channels at the same time (this was also seen in our country): the imbalance of state expenditures, the excess of which over incomes was defrayed by mandatory loans in the banking sphere; the high norm of actual accumulation coupled with the low norm of the cash savings of the population and enterprises; the growth of wages which, due to the manpower shortage, surpasses the growth of labor productivity. It was for this reason that inflation measures provided for lowering the growth rate of state spending, for raising personal income taxes, for restricting bank loans, for slowing down the growth rates of wages, for blocking prices and in some cases incomes as well.

The sense of the entire strategy and of complex maneuvering in the course of its realization was not to deviate from the strict boundary that separates the lowering of the effective demand of the population and enterprises and after it, the lowering of the rate of inflation from halting the growth of real production, the rate of which depends on the stability of the same effective demand. With this aim, governments have as a rule introduced various (stricter) devices for restricting the growth of consumer and entrepreneurial incomes directed toward the financing of capital investments. A number of West European countries, understanding the connection between inflation and structural defects in the economy, have not restricted themselves to the regulation of the sphere of circulation and the mechanism for distributing and redistributing income, but have developed and implemented large investment programs on a centralized basis.

The socially negative aspect of inflation is the main obstacle on the road to the successful struggle against the same inflation by economic methods. There is only one reliable method of neutralizing the inflationary effect that erodes incomes—to coordinate the growth of fixed income with the rise of the general price level. But this means that the state, which is called upon to prevent the formation of conditions that promote the development of "runaway" inflation, itself creates the first contour of the cumulative investment process: the growth of cost—growth of prices—growth of income-costs. (The second contour is the development in society of a psychological inflationary climate that forms the basis of the growth of prices under the influence of a constantly maintained excess of demand over supply). Nevertheless, the indexing of incomes on the basis of prices is a principle that has become an integral part of postwar economic and political practice in practically all Western countries in various forms. Its subsequent institutionalization in

the form of continuously renewable collective agreements between the working people's trade unions and entrepreneurs (USA, Canada), state orders (France, Italy), and the participation of representatives of work collectives and enterprise management (Federal Republic of Germany) has primarily been the main object of neoconservative attacks aimed at the deregulation of labor relations and at giving the latter greater "flexibility," i. e., at reducing it to the level of "free" haggling between two commodity owners.

As regards the neoconservative period of anti-inflationary policy, this is "another matter" that pertains to the special conditions of the "big crisis" of the '70's and '80's. The problems and contradictions in our country are closer to those that were characteristic of the capitalist economy in the first postwar decade. Then and subsequently—in the '50's and '60's—the indexing of income in terms of prices on the whole played a positive role. The high growth rates of production and labor productivity in combination with a developed system of social insurance enabled industrially developed capitalist countries to secure high growth rates of the population's living standard while preserving moderate rates of increase in the general price level. Thus the indexing of incomes on the basis of prices eliminated one of the most explosive factors that aggravate social and political contradictions.

Drift

Of the reforms that are projected and presently under discussion, price reform holds the greatest significance for the future of perestroika. According to all the known features, the proposed price reform variant developed by Goskomtsen [State Committee for Prices] deliberately ignores the sad results of the prolonged functioning of a system of "stable" state prices. The unbending certainty of the authors of this departmental "reform" of its truth would generate only respect if it had a real foundation under it. Unfortunately, opinion is not proof in science and practice has repeatedly meted out stern punishment to those who have attempted to base rational economic activity on faith.

V. F. Stepanenko argues the position of Goskomtsen, which sees the "three levers"¹³ as the only way of preventing the rise of prices ("I declare with total responsibility that I simply do not see other ways of counteracting higher prices"), as follows: "As regards references to world experience, emulation (competition.—V. K.) for the customer is impracticable today. Look around you! The country has not yet created the necessary material inventories, there is still an acute shortage of even the material-technical resources of primary necessity, and there can be no serious discussion of any freedom on the part of the customer"¹⁴.

If this phrase attests to anything, it is only to the total reluctance to understand the nature of scarcity in our economy. Why, one asks, has Gosplan spent 60 years trying to solve the scarcity problem by alternately

increasing the production of first one then another product, while the scarcity expands uncontrollably and we find ourselves in the doorway of stores with empty shelves¹⁵ and we reconcile ourselves to customary work stoppages at enterprises due to regular shortages of raw materials and components? The answer would seem to be clear: as a result of disproportions of the value structure, individual parts of which form from the multiplication of the quantity produced by the price per unit of output. And as shown by data on the nation's inventories of raw materials, supplies, and finished products, the share of which is far higher than the analogous indicator for capitalist countries, the disruption of proportions is due not to the shortage of quantities but to intolerable flaws in prices. And if, following V. F. Stepanenko's categorical demand, the transition to the pricing principle adopted in all countries with a scarcity-free economy should be postponed until scarcity is eliminated, the hopelessness of this undertaking can be guaranteed beforehand.

But might not the impending price reform, by eliminating flaws with the aid of "scientific price formation"¹⁶, also create conditions for the elimination of scarcity? After all, experiments with the prices of gold, rugs, and crystal have shown that any shortage can instantly be transformed into a surplus by decisively raising price.

Belief in "scientific price formation" is widespread even in circles of intelligent economists. "The trick is how to calculate such a price for milk." Or: "Let us assume that we calculated...on the basis of the need of the nation's population (for milk)."¹⁷ But, one asks, how can the "computing" and "calculating" be performed in a practical sense? This is done in practice by determining the actual production cost of a given product or more frequently a large group of homogeneous products and by including more or less speculative normative corrections for quality, level of need, size of population's income, etc., in the results of the given calculations. The problem is, however, that expenditures are calculated on the basis of real costs in existing prices. But since all costs are ultimately labor costs, presently existing levels of wages or producers' incomes act as prices. Levels that are the result of the prolonged functioning of the national economy under the conditions of an administrative system and peremptory management and are therefore unknown as being remote from evaluations characteristic of a proportional economy.

According to the data of Goskomstat [State Committee for Statistics], the following trends were operative in the USSR between 1940 and 1987: (1) the relatively higher evaluation of the work of builders (on the average, a relatively unskilled category of manpower); (2) stability in the evaluation of industrial labor; and (3) the lower evaluation of the highly skilled labor of physicians, teachers, of those active in culture, art, and science, and state employees. The result of this was, first, that builders became the most highly paid (two times higher than cultural figures) and second, that there was a sharp

Table Average Monthly Wage in Various Spheres of the USSR National Economy (in %)

	1940	1960	1987
Entire national economy.....	100	100	100
of which:			
industry.....	103	114	109
construction.....	110	115	127
agriculture.....	70	68	98
transport.....	105	108	118
health.....	77	73	71
public education.....	100	90	82
culture.....	67	61	60
art.....	118	79	74
science.....	142	137	107
administration of.....	118	107	93
government			

Calculated on the basis of: "Narodnoye khozyaystvo SSSR v 1987"
[USSR National Economy in 1987], Moscow, 1988, pp 390-391.

decline in the dispersion of earned incomes among branches between 1960 and 1987.

The builders' high earnings were in no way connected with the intensiveness or high level of productivity of their labor: the Zlobin and Travkin experiments showed that the rational organization of labor and wages alone—without any substantial technical innovations—can increase the productivity of construction brigades 2-4-fold. Let someone try to do this on the ZIL assembly line or at the Togliatti auto plant, in brigades of machine tool operators or in spinning shops where the labor-intensiveness is close to the limits of physical endurance!

As regards the decline of the indicator of dispersions and reduction of gaps between levels of branch costs, this is also an unpleasant feature—the trend toward leveling, toward egalitarian distribution rather than on the basis of individual labor contribution. Hence the lowering of the motivation to work and the increased certainty that the result will be roughly the same no matter how and where one works. Hence also the tendency to look for sources of higher income in "shady" spheres of activity.

And so it is that a certain structure of distribution of earned incomes will serve as the basis for calculating the new price structure that is designed to stimulate restructuring processes or at least not to hinder them. This approach is fraught with numerous dangers. The clearly antieconomic realities of the present administrative system will be "built into" prices.

A number of economists propose taking the structure of world prices as the model.¹⁸ This is by no means as indisputable as it appears to be at first glance. In each country prices, their level, and structure reflect the level and structure of production and consumption specifically in that country. As a rule, there are objective and

subjective "filters" between the internal and external market prices. Filter one: the products sold on the world market are primarily products with production costs that are lower than in the majority of other countries. By no means are all products sold on the world market and in any event they are not sold in the same proportions in which they are produced and realized within a given country. Filter two: notwithstanding GATT prohibitions, exports and imports in practically all Western countries are subjected to various restrictions or rewards. Such manipulations are usually designed to make national products more competitive in foreign markets and to make foreign products less competitive in the internal market. The manipulations usually include measures that influence the price level of the marketed goods. World prices in this sense are a unique component that services exchange specifically and primarily in world markets. It is almost as wrong to take it as the basis for national price structure as it is for state institutions to calculate it.

Yu. Izyumov used an apt phrase at a roundtable discussion held at the editorial offices of LITERATURNAYA GAZETA: "It is not prices but price formation mechanisms that should be reformed."²⁰ As world experience shows, the market in one form or another, including the socialist form, is the only real price formation mechanism. Why resist the obvious? Because of the fear of inflation?

It is naive to believe that the transition can be made from a worthless price structure to an ideal or at least a more acceptable structure all at once. In any event it takes years to make the gradual transition from one structure to another. These are years of slow drift during which disproportions are ironed out and disrupted value balances are restored. But since it is impossible to abstract

from the realities of the economics of normative costs, we would be like ostriches hiding their heads in the sand if we believed that such a drift-transition is compatible with a stable price level. We must look the economic truth in the face, recognize the already existing experience of other countries as instructive and worthy of imitation and not as evidence of the ignorant naivete of bourgeois apologists who reject true theory, and build our own economic strategy not on the sands of unfounded hopes or "maybe's," but on strict and precise calculations. In my view, controllable inflation must become an integral part of such calculations.

With a sufficiently serious approach, the appropriate training, and the decisiveness of central political and economic authorities, the threat of uncontrollable inflation can be eliminated, the rate of "creeping" inflation can be ascertained, and its negative influence on the population's real incomes can be neutralized. Of course, it will be necessary to prepare and implement a number of measures that will take no more time than bureaucrats spend calculating prices. In general outline, the tasks and content of the price reform mechanism are in general terms outlined by the actual experience of Western countries that successfully made such a transition in the postwar years.

First, it should be accepted as a fact of natural science that a self-regulated economy cannot exist without at least minimum price formation freedom in the exchange and sale of the product, without "trade" and debate between producer and customer.

Second, we must get away from the false alternative: either stable prices or the anarchy of inflationary processes. Inflation is not only controllable. It can and should be regulated by state authorities in the interests of the economy and of society. In the '40's and '50's, West European enterprises were not forbidden to raise prices on various products, but were assigned a "ceiling" (of 3-4 percent annually) above which the average price level for all output was not supposed to rise under the threat of financial sanctions. This gave the enterprise the necessary freedom to maneuver and made it possible for it to regulate the profitability of producing individual items in its product mix. It was thereby possible to avoid the situation in which Soviet enterprises that confronted Soviet enterprises in 1988 with their conversion to full economic accountability and contractual purchase and delivery practice: since they did not have the right to alter the price on a single one of the products produced by them, they refused to produce unprofitable items and instead increased the production of products that were profitable. The country was on the verge of disintegration of the existing structure of its division of labor and the newspapers were full of indignant comments about the "immorality" of economic bureaucrats who were flouting society's interests for their own personal gain. But it is specifically on the striving of everyone for personal gain that the common interest in a self-regulated economy is based. Thus the proper reaction

must consist not in an appeal to conscience but in securing all conditions for the effective functioning of the incentive mechanism.

Third, in addition to recognizing the naturalness and necessity of the controllable inflationary drift of prices, it is essential to introduce the indexing of the growth of all personal incomes, regardless of size, based on the actual rise of the prices of consumer goods and services. Accordingly, the subsistence minimum for a typical family and the standard sets of goods and services ([market] "baskets") actually consumed by families of varying size in different parts of the country are calculated on a democratic basis (i. e., include representatives of the working people, consumers, enterprise management, state administration, and experts)²¹. The growth rate of the subsistence minimum serves as a reference point for the regular revision (from once to four times a year) of the increase in minimum earned income (wages plus cash payments in the form of social assistance and social insurance). Enterprise management and work collectives, if their financial status permits, are authorized to revise in the same or lesser proportion the incomes of workers and employees the incomes of workers and employees that exceed the minimum level.

Fourth, as shown by the world experience of development of social insurance systems, in the interest of combating uncontrolled inflation it is desirable to give preference to special additional payments to augment the cash income of families rather than rendering aid by lowering prices on items of mass consumption. Practice has shown that subsidizing the production of inexpensive goods or rendering free services to all strata of the population is usually economically expensive and is by no means always socially just. There are whole areas of subsidized production (which directly contradicts the principles of rational economic management and the proclaimed goals of radical reform), their product is only partially used for its intended purpose, while the other part is bought up by highly paid strata of the population or serves as technical raw materials to be processed into other products. Special local aid, when its object is a specific problem or person, (1) effectively resolves a concrete social problem and (2) is less expensive to society.

Fifth, life in an economy with flexible prices presupposes the creation of bodies for observing and effectively monitoring the movement of prices as well as a mechanism of strict, predominantly financial punishment for the violation of legislatively introduced prohibitions, in particular, the prohibition against exceeding the established "ceiling" on price rises. There is a need for corresponding legal norms and forms of sanctions. The work of the observation and monitoring bodies must be as democratic as possible and must be carried on in close contact with associations of consumers and people's control bodies.

Sixth, the most complex, subtlest task of income policy is to prevent the evolution of "creeping" inflation into

"runaway" inflation. The macroeconomic, social attitude toward the relationship between nominal incomes and labor productivity at every enterprise is the central moment in the anticumulative mechanism. For the reasons cited above, this relationship cannot be such a primitively simple relationship as it is presently pictured in our press and scientific literature. Under this interpretation, there is no escape from the cumulative effect of rising prices. The growth of labor productivity depends on many factors, some of which are outside the confines of the enterprise. The additional income that results from the retention of stable prices on products produced using new, more productive technology should be divided among them.

The point is not the introduction of special norms to cover such distribution but is merely to give economically independent enterprises themselves the right to resolve this question depending on the specific circumstances. At the same time, within the framework of general economic policy on incomes, it is entirely appropriate to impose quantitative restrictions ("ceilings") on the growth of the wage fund that is paid out by individual enterprises. This is a complicated question and careful analysis—naturally, in an open, democratic setting—of all its principles and prerequisites is required. But this is the central issue in any price policy.

General and specific measures to curb the evolution of "creeping" inflation into "runaway" inflation will be effective only if they are accompanied by measures liquidating the structural disproportions that generate inflation. This is the obligation of the center in the person of legislative and executive powers. When formulating the strategy of social development, they must take into account not only immediate and long-term goals no matter how important and urgent they might seem, but the real potential of a self-regulating economy as well. With a state budget deficit that is several percent of the national income, it would be simply socially unjust to demand economic behavior of managers and working people.

There is a need for a general purge of everything that presently produces what O. Latsis calls "noncommodities." "It is important to understand the complexity of the problem that must be addressed," Ye. Gaydar, editor of the journal *KOMMUNIST*'s department of political economy and economic policy, justly notes. "...Behind the serious and actual lowering of state spending stands the large-scale redistribution of material resources in favor of branches working for the consumer goods market, change in the content of the labor activity of millions of people, the decisive elimination of ineffective production facilities, the radical restructuring of the entire structure of the economy and its reorientation toward man. The scale of the financial disproportions is such that the situation can be corrected and inflationary processes can be decelerated quickly only if serious changes are made in three key directions: by reducing the

construction front and centralized state capital investments, by reorienting the structure of imports, and by reducing the defense's load on the economy."²²

The economic experience of industrially developed capitalist countries—if we take from it everything that relates to the methods and forms of effective organization of social production, place it in the service of socialist ideals, and make it useful to the working person—can become a powerful factor in accelerating our perestroika and save us from entirely unnecessary errors of experiment-mongering into which practitioners [*praktiki*] are impelled by outwardly correct and logically impeccable but essentially pernicious speculative recommendations of advocates of the idea that everything socialistic is unique. The history of human associations, and all the moreso the history of such complex systems as the system of social production, does not begin with every new formation in an empty place. It is based on everything positive and generally significant that has been achieved by hundreds of generations since people first entered into relations with one another concerning the collective reproduction of their own lives.

Footnotes

1. *KOMMUNIST*, No 13, 1986, pp 61-73.
2. *LITERATURNAYA GAZETA*, 9 November 1988, p 10.
3. See "Sovremennaya inflyatsiya: istoki, prichiny, protivorechiya" [Modern Inflation: Sources, Causes, Contradictions], Moscow, 1980.
4. J. Bremont and A. Geledan, "Dictionnaire economique et social," Paris, 1981, pp 213-214.
5. G. Breton and C. Levasseur, "Etat, rapport salarial et compromis institutionnalisés: rappels elementaires sur l'impossibilite de penser l'Etat en dehors du politique (Conference prononcee a Barcelone, dans le cadre du Colloque international sur la theorie de la regulation, Barcelone, 16 au 18 juin 1988," p 8).
6. Ten percent is a very high norm. The average share of profits in price before taxes in the U.S. manufacturing industry was 7.9 percent between 1958 and 1982; after taxes—4.9 percent ("Norma pribyli i pereliv kapitala" [The Profit Norm and Capital Transfer], Moscow, 1987, p 207).
7. Dividends on preferred stocks, the sum of which is entirely definite, can be cited as an example. It is extremely perilous for a corporation to pay lower dividends on common stocks than expected because this may cause the corporation's value on the stock exchange to drop below the value of its real assets and it may become the victim of stock speculators. It is practically impossible to interrupt the financing of ongoing investments simply because of declining profits without sustaining heavy losses.

8. "Problemy ekonomicheskikh tsiklov i krizisov v burzhuaznoy ekonomicheskoy nauke" [Problems of Economic Cycles and Crises in Bourgeois Economic Science], Moscow, 1988, p 26.
9. See, in particular, G. G. Matyukhin, "Problemy kreditnykh deneg pri kapitalizme" [Problems of Credit Money Under Capitalism], Moscow, 1977.
10. See, for example, A. Anikin, "Struktura i funktsionirovaniye sovremennogo finansovogo kapitala" [Structure and Functioning of Modern Finance Capital] (ME I MO, No 11, 1987).
11. For more detail, see "Paradoksy regulirovaniia" [Paradoxes of Regulation], Moscow, 1988, pp 114-126.
12. From the remarks of Ye. G. Yasin, deputy director of TsEMI [Central Mathematical Economics Institute], at a roundtable discussion organized by the journal KOMMUNIST (No 18, 1987, p 31).
13. Uniform price formation methods, uniform economic norms, and intensified monitoring of price discipline.
14. KOMMUNIST, No 18, 1987, p 29.
15. "The All-Union Scientific Research Institute of Market Conditions and Demand monitors 211 groups of foodstuffs. It turns out that only 33 of these 200 are readily obtainable" (LITERATURNAYA GAZETA, 25 January 1989, p 111).
16. In the course of the "Pozitsiya" Club's discussion, L. Yevenko was absolutely correct when he urged getting rid of the illusion created by this concept as soon as possible (LITERATURNAYA GAZETA, 14 December 1988, p 10).
17. From the interview of Academician A. G. Aganbeyan by the journal OGONEK (No 29, 1987, p 3).
18. N. Shmelev, "Advances and Debts" (NOVYY MIR, No 6, 1987, p 151).
19. According to a French publication, Japan, for example, at a time when the official exchange rate of the yen rose to 120-130 yen to the dollar in 1987, was able to preserve its purchasing power parity at the level of 270 yen to the dollar and its wage cost parity—at the level of 360 yen to the dollar, i. e., to keep the exchange rate of the yen in foreign trade at the 1972 level in the first instance and at the 1950 level in the second! (PARIBAS CONJONCTURE, December 1988, p 168).
20. LITERATURNAYA GAZETA, 9 November 1988, p 10.
21. USSR Goskomtrud [State Committee for Labor and Social Problems] together with the All-Union Central Council of Trade Unions is presently responsible for defining "subsistence minimum" and "market basket" (See IZVESTIYA, 16 January 1989). This problem is too important and socially significant to be addressed in a semisecret, bureaucratic way. Maximum democracy and glasnost here are not only desirable but are downright

necessary so that the population does not doubt the social justice and appropriateness of the basic indicators of the living standard. Especially if they are to be made operative indicators that are to be used as the basis for determining the amount of monetary compensation for raising prices.

22. KOMMUNIST, No 2, 1989, p 30.

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Conventional War Prevention in Europe

18160014 Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7, Jul 89 pp 31-43

[Article by Maj Gen Valentin Veniaminovich Larionov, doctor of historical sciences and scientific consultant for the USA and Canada Institute: "Problems of Preventing Conventional War in Europe"]

[Text] One of the inevitable consequences of the appearance of nuclear weapons was the formation in military strategy of the idea of the military-technical nature of a new type of war—nuclear war. Thus a sharp distinction appeared between wars using and not using nuclear weapons. The latter began to be called a conventional war.

But whereas the awareness of the catastrophic consequences of nuclear war came immediately after the first test of the atomic bomb, conventional war against this background seemed to be an almost inoffensive conflict and to this day is considered an instrument of policy in the calculations of strategic planning.

In any case, official circles of a number of Western countries do not encourage very much publications about the possible consequences of conventional war in Europe. Also alarming is the fact that the pace and technology of producing new models of conventional weapons are not at all slowing down. After 1945, conventional wars virtually did not cease for a single year on various points of the planet. They are considered quite likely in the future, too. All this prompts us to direct attention to their dangerous consequences.

The Danger of Conventional War in Europe

When shedding light on this question, one cannot help but take into account the fact that the concept of "general conventional war" was announced in the U.S. in 1982 and is actively materializing to this day. Its content and parameters were defined in the following way by then-Secretary of Defense C. Weinberger:

- given the existence of nuclear parity between the U.S. and the USSR, U.S. strategic planning must be based on the fact that war using conventional arms is quite possible;
- if it does break out, the U.S. and its allies can count on victory only with superiority in conventional arms;

- deterrence by conventional means will not be effective enough if the enemy comes to the erroneous conclusion that it can achieve victory in a conventional war;
- the extent and scale of the “defensive measures” of the U.S. and its allies must be determined “based on broad and fundamental assessments of the enemy, and not on theses about the number of wars or fronts.”¹

Despite the fact that the American concept of “general conventional war” was not unconditionally adopted by U.S. European allies, it remains one of the planned variants in Europe and up to now is influencing NATO military programs. This is indicated by the unsuccessful attempts to “build” this concept into the “flexible response” doctrine.

Up until the early 1980's, it was believed that, in view of the tremendous superiority of the USSR and its allies in conventional armed forces, a war in Europe could only be a short war (several days, a maximum of weeks) and would quickly lead either to the defeat of NATO or to the use of nuclear weapons at the earliest stage of the war with the high probability of escalation toward a global nuclear war. Today, the American concept of “general conventional war” reflects the U.S. administration's orientation on preparing general-purpose forces for waging—in the context of the “flexible response” doctrine—protracted combat operations using advanced weapons systems based on the latest technologies.

For the sake of objectivity, it should be recognized that in the 1960's, the Soviet military doctrine also assumed the possibility of a short-lived conventional war or a short non-nuclear beginning of a “general nuclear war.” The author gave due to these sentiments, being the author and co-author of the book “Military Strategy.” In the USSR, these views reflected the level at that time of knowledge about the consequences of using nuclear weapons and were dictated by no means by the desire to unleash war, but by the tasks of preventing it. As objective data came to light about the increasing combat effectiveness of conventional weapons and the consequences of their use, the firm conviction of the impermissibility of a conventional war in Europe grew stronger in Soviet military policy.

In light of the new doctrinal orientations of the U.S. and NATO, the question sharply arises as to the consequences of a conventional war in Europe and its possible military-technical parameters in connection with the new stage in development of conventional arms.

It must be noted that, in principle, the technology of conventional war has not stood still all the postwar years. In its development there has been detected a desire to overstep the tactical framework of battle. Improvement of conventional weapons proceeded along the following basic directions.

First. An increase in the mobility of military systems and their combat readiness. The time for getting weapons ready for combat, in specialists' estimates, has been

reduced overall by a factor of 3-4 overall, and in air defense systems—by an order of magnitude.

Second. An increase in the yield and kill capability of charges with conventional explosives to such an extent that their upper limit today approaches the lower yield of tactical nuclear munitions. Shaped charges appeared. On the whole, the group kill effect is seen growing into a mass kill effect (napalm, anti-personnel bombs, needle-shaped munitions, cluster bombs, shells, and so forth).

Third. An increase in the ability to aim weapons (high-precision land-based and air-based weapons, reconnaissance-strike and fire systems). These systems are not yet being mass-produced, but models of them are undergoing successful testing in local military conflicts.

Finally, the **fourth** and most significant change. During all the postwar years, conventional weapons have been sort of competing with nuclear weapons in the desire to replace man in the sphere of detection, assessment, and target kill, leaving for him only the area of decision making. As a result, conventional weapons, as well as nuclear weapons, are capable today of participating, figuratively speaking, in “non-contact actions”, when an enemy's combat assets are hit without direct clashes between people on the ground or at sea (that is, without penetrating into enemy territory, flying into his airspace, or invading his body of water). A large number of models of conventional weapons of this type have appeared. Let us only recall the idea of an automated battlefield which underwent the first practical test in Vietnam.

From the standpoint of assessing the level of technical development and the stability of the military-strategic balance, the above-named directions as a whole work toward eroding the differences between nuclear and conventional arms.

Another aspect. An increasing number of carriers (launchers, platforms, and so forth) can now be used both in a conventional and nuclear setting. If we talk about the state of affairs in the 1980's, this increasingly no longer pertains only to “battlefield weapons” or operational-tactical weapons, but also to medium-range platforms (intermediate-range, in Western terminology) as well as intercontinental missiles. Whereas at first, for example, cannon artillery, intended for firing nuclear ammunition, differed significantly in its characteristics from traditional artillery systems (for conventional or chemical ammunition), later on the differences between these systems virtually disappeared. The combination of such factors as an increase in accuracy and a considerable increase in the yield of conventional explosives has resulted in the fact that missile delivery systems, intended in previous stages of development of military equipment for use in a nuclear setting, today are already viewed as systems that can be used both in a nuclear and conventional setting.

In other words, by preserving all the combat characteristics of a nuclear weapons platform (combat readiness, destructiveness, quick action, technical reliability, mobility), certain classes of missiles can also be used with non-nuclear

warheads. Hence it follows that the problem of reducing nuclear and conventional arms in Europe is interconnected: It also concerns the nature of the ammunition and of certain classes and types of weapons.

This is one side of the issue. But there also arises an obvious problematic nature of conducting "pure" combat operations in the event of a conventional war on the European continent due to the presence here of nuclear power plants, nuclear reactors, chemical enterprises, and storage facilities with poisonous and toxic substances.

It is generally known that the density of areas potentially dangerous in this respect in Europe is continually increasing, which increases the degree of probability of their destruction—even when the sides use only conventional weapons (see Table 1).

Table 1. Nuclear Power Plants in Operation and Under Construction in Europe (as of the end of 1984)

Country	Nuclear Power Plants in Operation	Number of Reactors	Total Power of Reactors (Mega-watts)	Nuclear Power Plants Under Construction
Belgium	6	6	3,457	2
Bulgaria	4	4	1,680	4
Great Britain	18	35	9,963	5
Hungary	2	2	794	2
GDR	5	5	1,760	8
Spain	7	7	4,650	7
Italy	3	3	1,297	3
Netherlands	2	2	500	-
Poland	-	-	-	2
Romania	-	-	-	2
Finland	4	4	2,190	-
France	41	41	33,258	23
FRG	19	19	16,110	7
Switzerland	5	5	2,868	2
Sweden	12	12	9,470	-
Yugoslavia	1	1	632	1
Total	129	146	88,629	68

Source: ATOMNAYA TEKHNIKA ZA RUBEZHOM, No 6, 1985, pp 25-31. As of the end of 1984, in the world there were 303 power-generating units for a power output of 202,982 megawatts, and 158 power-generating units were under construction for a power output of 137,766 megawatts (Ibid., p 31).

There are 15 nuclear power plants with 43 power-generating units located on the European territory of the Soviet Union.

Thus, in 1985 there were 144 nuclear power plants with 189 power-generating units on the European portion of

the European continent. If you multiply this number of nuclear power plants by the area of contamination where it is impossible for people to stay in the event of an explosion, this overall zone would increase to 388,800 sq km. It is known that an accident at only one of the four reactors of the Chernobyl Nuclear Power Plant posed a whole series of previously unknown and unforeseen problems.

The discharge in the event of destruction of hot reactors and during a nuclear detonation can be characterized by the consequences shown in Table 2:

Table 2.

Destruction of a Reactor	Nuclear Detonation
1. Formation of a contaminated cloud at the surface layer (no higher than 2-3 km)	At an altitude of up to 20-30 km and more
2. Formation of contaminated areas continues for 2-3 days to several weeks	Not more than 10-15 minutes
3. Concentration of radionuclides in an gas-aerosol cloud is high (10-15,000 roentgens per hour at a distance of 2-3 km from the nuclear power plant)	Low
4. Nonuniform, spotty contamination of the terrain (not predictable in area or location)	Area of terrain contamination can be predicted fairly accurately
5. Slow decrease in the activity of absorbed radionuclides and those that fall to the ground	Rapid decrease in the potency of gamma radiation

The areas of radioactive contamination following the accident at the tChernobyl Nuclear Power Plant, within which the radiation dose of people could be about 2 rems at various exposures, were determined by the sizes shown in Table 3:

Table 3.

Period of accumulating dose of 2 rems (from the moment of the accident)	Area of contaminated zone (sq km)
1 Week	5,600
2 Weeks	5,100
1 Month	4,600
2 Months	4,100
6 Months	3,100
1 Year	2,300
2 Years	1,700
5 Years	800
10 Years	300

From all of this it can be concluded that the destruction of nuclear power plants by conventional munitions is equivalent in the degree of danger and scale of radioactive contamination to the use of radiological weapons. The Chernobyl accident proved to be instructive in this

respect. Whereas before nuclear weapons were perceived abstractly and speculatively by the majority of people, the situation changed after this accident.

The consequences of the destruction of chemical facilities (chemical industrial enterprises, storage facilities of chemical ammunition and toxic substances) pose no less a danger. The destruction may be accompanied by the formation of vast areas of dangerous chemical contamination at ground atmosphere by vapors of strong poisonous and toxic substances, combustion products of these substances, and contamination of the terrain, local installations, soil, water reservoirs, and raw material and food resources. Liquid chlorine and ammonia are especially dangerous. One must bear in mind that the standard issue gas mask does not provide people extended protection.

Table 4. Possible Consequences of Destruction of Chemical Facilities

Toxic substance	Scale of damage		
	Depth of area of spreading (km)	Area (sq km)	Casualty-producing element
Chlorine (2,000 tons)	35-45	up to 1,000	primary cloud
	45-60	up to 2,500	secondary cloud
Ammonia (10,000 tons)	4-6	4-6	primary cloud
			secondary cloud
Phosgene	13-20	up to 150	primary cloud
	14-20	up to 260	secondary cloud

Lately, during construction of nuclear power plants, chemical industrial facilities, and storage facilities for toxic substances, all countries are taking steps to increase the protection against strikes, which to a certain extent may limit the consequences of their destruction and decrease contaminated areas. But it is quite obvious that the danger of waging a conventional war in Europe will not decrease significantly as a result of this.

Another unusual thing about conventional war. In the event it breaks out, the initial period of such a war will differ significantly from the initial periods of past wars. Its outcome may have a tremendous influence on the subsequent development of military operations.

As was already noted, the use of automated command and control and weapons control systems; the development of global reconnaissance systems, automatic "reconnaissance-strike" complex systems, and military robotics; and full mechanization and high mobility of troops bring about the transfer of an increasing number of control functions, previously performed by man, to automatic devices. The fast-moving nature of combat operations, abrupt changes in the operational situation,

the envelopment of large territories of a number of countries of Europe by combat operations, the intentional disruption of communications channels, and other causes are capable of resulting in a situation which will prevent the political leadership and high military command from monitoring events fully due to the lack of time and information. In extreme cases, this can take the form of an irreversible escalation of military operations, up to and including the use of nuclear weapons.

The transition from combat operations using only conventional weapons to combat operations using weapons of mass destruction can be sudden and unpredictable, and this leads to the desire to keep one's nuclear weapons at a technically maximum state of combat readiness, which in turn significantly increases the danger of an unsanctioned unleashing of nuclear war.

The possible consequences of a conventional war in Europe thoroughly refutes the assertions being spread in the West that the complete ban of nuclear weapons being proposed by the Warsaw Pact countries opens the way to unleashing a conventional war. This assertion does not stand up to criticism: first, because the Warsaw Pact countries are raising the question of preventing both nuclear and conventional war; second, the "unprofitability" and "impracticalness" of a conventional war, as was shown, are just as obvious as for a nuclear war.

Methods Facilitating Reaching Agreements

Here, too, we come directly to the problem of searching for ways to curb the danger of an outbreak of conventional war in Europe. In other words, this involves the specifics of disarmament issues in the area of conventional arms and possible ways of reaching agreements.

The 15 years of experience of unsuccessful negotiations on reducing armed forces and arms in Central Europe have shown that the question of starting data for calculating the correlation, and how and using what tools to determine the existing asymmetries and imbalances on an expert level in order to begin reducing arms on this basis have become a stumbling block in them.

Back in October 1985 at the Sofia meeting of the Political Consultative Committee of the Warsaw Pact members, the Soviet Union and its European allies proposed that the USSR and the U.S. pledge not to produce new types of conventional weapons comparable in their destructive capabilities with weapons of mass destruction and also to freeze the personnel strength of their armed forces in Europe and beyond their national territories at the 1 January 1989 fixed level.

The Budapest appeal of these states (July 1986) to the NATO member states and all European countries advanced a formula for reducing armed forces and conventional arms and a qualitative change in the nature of military confrontation in Europe which, without exaggeration, was a conceptual breakthrough in this area. It was proposed to accomplish the reductions in such a way

that they would eliminate the asymmetries in the correlation of forces, decrease the danger of a surprise attack, and preclude the possibility of conducting large-scale offensive operations. In particular, the Warsaw Pact countries advanced a proposal on significantly reducing already at the very outset the tactical strike aviation of both military-political alliances in Europe and also on considerably decreasing the concentration of troops along their line of contact. To this end, it was proposed to work out additional measures, including limiting naval forces and their activities in the waters adjacent to Europe, and reaching agreements on limiting large military exercises (in number and scale) and on exchanging more detailed information about them, including about the number of forces and equipment brought in from other areas to Europe for the period of the exercises, and also on other measures helping to strengthen mutual trust.

The Vienna meeting of representatives of the Conference on Security and Cooperation in Europe (CSCE) participants, which has been going on for 27 months, developed a mandate of negotiations on conventional armed forces in Europe which reflected the approaches formulated in the Budapest appeal.

The negotiations on this issue, which began in Vienna in March 1989, will take place, we hope, in a more favorable situation than previous ones. The political climate in the world and on the European continent has changed for the better. The USSR and the other Warsaw Pact countries have announced a unilateral reduction in armed forces and arms. And the mandate of the negotiations itself is distinguished by specificity and unambiguity.

At the same time, from the military-technical and procedural standpoints, the participants in the negotiations have to overcome a number of difficulties. And we cannot close our eyes to this even with the most optimistic hopes for success.

In this connection, I would like to share some thoughts regarding the instruments of the negotiations and use of the methods of qualitative-quantitative comparison of the effectiveness of various military organisms and types of arms—thoughts taken from professional experience.

Having a premonition of being rebuked for intentionally complicating the negotiating process by using mathematical models, I would like to emphasize that such a method does not in the least lessen the predominant role of political and strategic decisions, but only helps develop them. At the same time, the process of comprehensive analysis on a expert level of the correlation of forces and comparison of the combat potentials of the sides with reverse tasks (instead of predicting the outcome of a battle, searching for ways to prevent it) would be quite useful.

During the postwar period, the number of models of equipment has increased sharply, the difficulty of comparing the types of weapons of the opposing sides has

increased, and so forth. As an example, the typical complement of armament of a division in the ground forces at the end of World War II averaged up to 50 types and models of combat equipment, including a variety of auxiliary instruments. In a modern infantry (motorized rifle) division, this figure has increased five- to sixfold. In various NATO countries there have appeared models of weapons for which it is difficult to select direct analogues in the armies of the Warsaw Pact countries, and vice versa.

The diversity of models of armaments in divisions of the ground forces that can become theoretical units when discussing issues of reducing arms does not exhaust the entire complexity of the problem. It is important to remember that a division never operates in isolation, but only as part of a corps or army, which in turn are a part of a group of armies or a front. Consequently, a grouping of armed forces of the sides in Europe will in its overall appearance include a large number of designations of weapons and pieces of equipment², the assessment of which will require complex mathematical calculations using computers and special methods.

Another difficulty is associated with working out principles of reducing conventional arms, or conceptual approaches. Various variants are possible—proportional, asymmetrical, or equal quantitative reduction.

The principle consolidated in the Vienna mandate of eliminating the asymmetries and imbalance in individual types of arms as the first phase of reductions is very important. In our view, it opens up prospects for equivalent reductions in the second phase. The well-known rule of consolidating the advantages of the superior, which L.N. Tolstoy analyzed in his novel "War and Peace,"³ is in effect here.

Thus, the principle of proportional reduction without eliminating the asymmetry would only strengthen the inequality in forces.

Quite a few difficulties lie in store here, especially if you consider that an asymmetry in the correlation of Warsaw Pact and NATO forces exists not only in various models of armaments of one branch of service but also, and chiefly, in various spheres of combat operations (air, land, and sea).

This was shown especially clearly in the announcement by the Warsaw Pact Defense Ministers published on 30 January 1989. From the cited tables, the conclusion suggests itself that the imbalance and asymmetry in the correlation of individual weapons systems historically took shape as a result of a reaction to the development of arms by the other side. For example, preferential development and creation of a superiority by NATO in strike aviation, combat helicopters, aircraft-carrying ships, and ships with cruise missiles prompted the Warsaw Pact countries to create large air defense forces, fighter-interceptors, and civil defense forces. It is in these

defensive weapons systems that the imbalance developed in favor of the Warsaw Pact. Conversely, the Warsaw Pact's advantage in tanks⁴ stimulated a buildup of antitank missile systems and helicopters equipped with antitank missiles in the NATO countries.

It is also difficult to weigh all these inequalities on an equitable basis without appropriate methods.

Let us note one more aspect. In comparing the procedures for working out agreements on limiting nuclear and conventional arms (if this were accomplished independently), one has to recognize the considerably greater complexity of the latter. This happens for a number of reasons.

First of all, within the framework of the negotiations on limiting nuclear arms, usually only two sides participate (although other nuclear powers are also invisibly present). In these conditions, agreement by one side to the other's proposal signifies ultimate understanding.

As we know, 23 countries are taking part in the negotiations on limiting and reducing armed forces and conventional arms in Europe, and another 12 countries are very interested in their outcome. Here it is considerably more difficult to achieve unanimity.

Secondly, the interests of national security of the large number of countries participating in the negotiations are given priority in the negotiations on questions of reducing armed forces and conventional arms in Europe. It is not always completely possible to reconcile national interests with international (in this case, European) interests.

Having in mind a translation of expert disputes on a number of technically complex issues to the language of mathematical models and calculations, we propose⁵ using methods of comparing the combat potentials of units of armaments and military organisms, which long ago became part of the practice of mathematical support of operations.

Here it is necessary to explain that a "combat unit" means an individual type of weapon of combat equipment (gun, tank, aircraft, missile launcher, and so forth) with crew. A "military unit" means a subunit, unit, or combined unit consisting either of the same combat units (a "uniform" military unit), of units of one category (purpose) but of a different type (a "different-type" military unit), or of units of a different category and type ("mixed" military unit).

An aviation regiment having one model of aircraft in its inventory can serve as an example of a "uniform" military unit; an antitank brigade having antitank guns and ATGM's—as an example of a "different-type" military unit; and a motorized rifle division—as an example of a "mixed" military unit.

Let us agree that a number characterizing a military unit's combat capabilities under certain conditions is understood as the value of its combat potential (BP).

However, depending on the missions being accomplished and the conditions of their fulfillment, the measure of the combat capabilities can be chosen in different ways. The combat potential of an artillery battalion of 152mm howitzers, for example, can be assessed by the size of the area over which enemy personnel are reliably neutralized over a set amount of time; the combat potential of fighter aircraft—by the average number of successful attacks in one sortie as part of a regiment; the combat potential of a motorized rifle division on the defensive—by the number of equal-strength enemy divisions it holds back; and so forth.

For the majority of combat and military units carrying out not some one combat mission but various combat missions (for example, an offensive and defensive for a motorized rifle division), the assessment of their combat capabilities using one number encounters great difficulties. Therefore, instead of an absolute assessment of the combat capabilities of the units in question, one can resort to a comparative assessment of them using so-called coefficients of combat comparability (KBS).

The number K_{AB}^R , showing what portion of the combat capabilities of unit B under conditions R are comprised by the capabilities of unit A, means the coefficient of combat comparability of unit A with unit B.

For example, if under conditions of a front offensive operation in the European Theater of Military Operations (condition R) the combat capabilities of a type A division are twice as great as the combat capabilities of a type B division, then $K_{AB}^R = 2$ (A is twice as "strong" as B).

It should be especially emphasized that, under various conditions of conducting combat operations and when carrying out various missions, the combat capabilities of comparable units may be demonstrated differently. Suffice it to recall the well-known thesis in the art of war that one defending division can hold back the advance of two to three equal-strength enemy divisions with conventional weapons.

It follows from this that it is impermissible to use both the combat potentials and the coefficient of combat comparability apart from the conditions for which they were determined.

There is another preliminary consideration associated with the properties of the coefficient of combat comparability.

In the general form, the coefficient of combat comparability of unit A and unit B is equal to the ratio of their combat potentials:

$$K_{AB} = BP_A / BP_B.$$

If BP_B signifies the measure of combat capabilities of unit B (its combat potential), and BP_A signifies the measure of combat capabilities of unit A, the expression

$$K_{AB} = BP_A / BP_B$$

shows what portion of the combat capabilities of unit B are comprised by the capabilities of unit A.

The coefficient of combat comparability is, first of all, a dimensionless value; secondly, it possesses the property of reversibility (if A is twice as good as B, then B is also twice as bad as A); and, thirdly, it possesses the property of "transfer" (if the coefficients of combat capabilities of units A and B are equal, then their ratios with a third unit C are also equal).

Judging by accumulated experience of calculations, the coefficients of combat comparability of combat or military units can be determined by not one but by various methods, each of which has its own merits and shortcomings.

The method of comparing specifications and performance characteristics. It is based on comparing a number of quantitative and qualitative indicators characterizing comparable combat or military units.

For a ground forces division, such characteristics may be: personnel strength or number of tanks, artillery, antitank weapons, air defense weapons, and so forth. When comparing fighter-bombers, for example, such characteristics may be: speed, operating radius, bomb load, number of cannons and missiles, the presence of ECM gear, and so forth.

For comparing units A and B, at first the values are written out for the selected characteristics $a_1 \dots a_2 \dots a_n$ of

unit A and the corresponding values of characteristics $b_1 \dots b_2 \dots b_n$ of unit B, where "n" is the total number of selected characteristics.

Further, the pair ratios of the characteristics $(a_1:b_1), (a_2:b_2) \dots (a_n:b_n)$ are analyzed. Here, if "the larger the characteristic, the better" then the ratio of the characteristic of unit A to the characteristic of unit B is taken, but if "the smaller the characteristic, the better" (for example, target search time), then the ratio of the characteristic of unit B to the characteristic of unit A is taken. Such ratios can be called normalized ratios and designated by $(a_1 \dots b_1), (a_2 \dots b_2) \dots (a_n \dots b_n)$.

If these ratios are close to one another, then their average value is taken and it is accepted as the approximate value of the coefficient of combat comparability of unit A with unit B. If the normalized ratios differ substantially from one another, or some ratios are considerably more important than others, it is recommended to use the "formula of weighted mean normalized ratio of comparable characteristics."

Compared to others, this method is the simplest, clearest, and most accessible. Its shortcoming is the obvious approximation, stemming both from the approximate (expert) determination of the practical significance of the characteristics being compared and from the assumption that the capabilities of the units being compared are directly proportionate to the ratios of their characteristics, which, as a rule, is not observed.

Table 5. Comparison of Type A and B Tanks

Characteristics and their dimensions	Value of characteristics		Normalized value of characteristics		Weight of characteristics (percent)	Products (percent)	
	a_1	b_1	a_1	b_1	q	$q_1 a_1$	$q_1 b_1$
1. Armor thickness (mm)	210	300	0.7	1	30	21	30
2. Gun caliber (mm)	90	130	0.69	1	25	17	25
3. Effective rate of fire (rounds/min)	2	1.6	1	0.8	20	20	16
Gun stabilization	no	yes					
Ammunition carried (rounds)	80	64	1	0.8	10	10	8
Totals						68	94
Coefficient of combat comparability	$K_{AB} = 68/94 = 0.72$ $K_{BA} = 94/68 = 1.39$						

The method of comparing indicators of combat effectiveness. According to this method, unit A is considered as many times better (worse) than unit B as the amount indicator M of the combat effectiveness of unit A is more (less) than the corresponding indicator of unit B:

$$K_{AB} = M_A/M_B.$$

Example. It is necessary to determine the coefficient of combat comparability of surface-to-air missile (SAM) systems of type A and type B, if in a given flight the type

A system shoots down an average of 8 aircraft, and the type B system—only 6 aircraft.

According to condition $M_A=8$ aircraft and $M_B = 6$ aircraft, it will be

$$K_{AB} = M_A/M_B = 8/6 = 1.33.$$

An advantage of this method is the clear physical meaning of the lever derived. In addition, this method can be supported by a sufficiently developed system of

methods of the theory of combat effectiveness and also by the experience of combat operations.

A shortcoming of this method is that the existing combat and military units are, as a rule, multipurpose, and it is quite difficult to assess their combat effectiveness by a general indicator.

The method of comparing the required duties for carrying out combat missions. According to this method, unit A is considered as many times better (worse) than unit B as the required duties of unit B for carrying out a specific combat mission or totality of missions are less (more) than those required for unit A to carry out the same mission.

Example. It is necessary to determine the coefficient of combat comparability of a fighter aircraft of type A and a SAM system of type B, if it requires 30 fighters and 20 SAM systems to destroy 10 enemy aircraft with a given reliability at low altitude (mission Z_1) and 5 aircraft at medium altitude (mission Z_2).

Solution. Let us agree to consider missions Z_1 and Z_2 to be one complex mission. Then $N^Z_A = 30$, $N^Z_B = 20$, and the entire expression is:

$$K_{AB} = N^Z_B / N^Z_A = 20/30 = 0.67.$$

Not only combat units but also military units can be compared in such a manner. Any delegation expert is capable of making such very simple calculations.

The method of modeling the combat of comparable units up to their mutual destruction. The essence of this method consists in selecting a number of opposing units which in a model of their combat mutually destroy one another. This selection can be accomplished most economically by using mathematical modeling of combat.

The constancy of the quantitative correlation of the sides' forces in the course of combat is a sign of a balance of forces. Therefore, when selecting equivalent numbers of opposing units, it is not at all mandatory to carry the "combat" through to their mutual destruction. It is sufficient to take only several steps, achieving a constancy of the quantitative correlation. This is especially important when using physical modeling of combat operations with troop participation and simulation of the destruction of combat units by one another.

An advantage of this method is a clear physical meaning and direct relationship with the conditional combat operations (scenario) for which the assessment of the correlation of forces and weapons of the sides is being made. In so doing, questions of command and control, support, and so forth can be reflected sufficiently completely in a mathematical or physical model of combat. Thanks to this, this method is one of the main ones. A shortcoming of this method is that it does not permit comparing units not combating one another in the course of combat.

Let us use the method of **comparison with a standard combat unit** for determining the combat potentials of individual combat and military units. According to this method, the combat potential (BP) of military unit A is defined as the product of its coefficient of combat comparability K_{Ast} with the standard military unit A_{st} ⁶ times the combat potential of a standard unit BP_{Ast} :

$$BP_a = K_{Ast} \times BP_{Ast},$$

which is the direct result of the characteristic of the coefficient of combat comparability.

Selection of the standard combat unit depends on the type of combat operations being examined and their scale. For operations by ground forces, a specific type of division may be selected as the standard or reference military unit; for a division battle—a battalion on infantry fighting vehicles; and so forth.

Determining the coefficients of combat comparability of military units is done, in principle, the same as for combat units, but there are certain peculiarities.

Thus, when using the method of comparing characteristics instead of the specifications and performance characteristics of the models of weapons being compared, TOE or other data of the military units being compared can be used (personnel strength, number of weapons, etc.). The comparison should be made taking into account qualities, that is, using the coefficients of combat comparability of comparable categories of combat units. The merits of this method are its simplicity, clarity, and accessibility.

This presentation has summarized the accumulated experience in calculating the qualitative correlation of forces and resources of the sides. In essence, this calculation should be based on staff methods of qualitative assessment of the combat capabilities of weapons (combat equipment) of units, combined units, and groupings of forces, the elaboration of which is widely used in all armies. However, the possibilities of improving the methods are far from exhausted, including during the course of joint experiments of experts of the parties making the agreement.

In summary, let us emphasize that one cannot help but see the complexity and specific nature of solving disarmament problems in the European region, although under no circumstances should they be overestimated. In particular, these methods and very simple models, which could be used (even for the sake of stimulating discussion) in solving the most difficult problems in expert assessment at the negotiations, in our opinion, can be of definite benefit.

Footnotes

1. Let us explain this thesis. The emphasis on planning conventional wars in which the U.S. may be involved and on a fundamental assessment of the degree of threat from the enemy is a unique form of criticism of the

numerical approach to military-strategic planning practiced by previous administrations ("2 1/2 wars", "1 1/2 wars"). However, this still does not preclude arbitrary interpretation of the degree of threat, since in precisely this way it is easiest to justify the Pentagon's budget needs and the next military programs.

2. According to certain counts, this amount in a field army today is up to 5,000 designations. For example, there are about 400 types of engines alone in the armed forces today, and up to 250 types of fuel are used in them.

3. "For Kutuzov," he wrote, analyzing the disposition of the Battle of Borodino, "this was mathematically clear, as clear as the fact that if I had one less saber and I change, I probably will lose and therefore should not change.

"When the enemy had 16 sabers and I had 14, I was only one-eighth weaker than him; but when I change by 13 sabers, he will be three times as strong as me." (L.N. Tolstoy, "Sobraniye sochineniy v 22 tomakh" [Collection of Works in 22 Volumes], Volume 6, Moscow, 1980, p 192.)

4. Incidentally, there are few who take into account that the USSR's tank superiority in Europe originally (in the second half of the 1940's) took shape as a result of the U.S. monopoly on atomic weapons. Pressurized tanks were viewed in Soviet military strategy of that period as a means of protecting personnel from the shock wave, penetrating radiation, and thermal radiation, but by no means as an attack weapon.

5. The general mathematical and logical fundamentals of the methods outlined were developed by the author jointly with O.V. Sosyura, doctor of technical sciences, between 1984 and 1988.

6. Depending on the conditions, the conditional combat potential of some model of weapons—t-55 or T-72 tank, a 122mm howitzer or a battery of such guns—can be used as the reference standard combat unit in the practice of comparing combat potentials. A kilowatt-hour of energy reified in some or other model of weapon or sum of weapons (battery, company of tanks, etc.) can serve as the standard unit of calculation. Here, politologists should not be disturbed by the methodological or political incompatibility of such a calculation, since the standard unit is quite conditional. However, it helps resolve disputes when comparing larger troop formations (brigades, divisions).

Third-World Military Regimes Examined

18160016c Moscow MIROVAYA EKONOMIKA I
MEZHDUNARODNYYE OTNOSHENIYA in Russian
No 7, Jul 89 pp 44-54

[Article by Georgiy Ilich Mirskiy, doctor of historical sciences; chief scientific associate, IMEMO, USSR

Academy of Sciences: "Authoritarianism and the Power of the Military in the Third World"]

[Text] Things have really started to change in world politics to the surprise of many observers who have found more and more reason for pessimism in the last decades, and this change has been for the better.

Not so very long ago, the "Cold War" in its second edition was raging everywhere, the arms race was steadily mounting, East-West relations were deteriorating, the number of seemingly unresolvable military conflicts was rising, and the gloomy, ever widening shadow of military dictatorship hung over entire regions. The increase in internal tension, in the "suppression of democracy," in authoritarian and downright despotic tendencies has corresponded to the general tension in the world which at times has presented the real threat of developing into world war. On the one hand, more and more new "hot points" appeared on the map of the world while the number of countries in which martial law has been established and repressions have grown on the other. The combination of these two aspects of life in the modern world has provided little basis for optimism...

But something has changed literally in several years in this evil, seemingly unstoppable movement, as if the gears in the mechanism of mankind's development had suddenly been shifted. The success of the meetings between M. S. Gorbachev and R. Reagan, that laid the foundation of the disarmament process; the general improvement of East-West relations; and the proclamation of the departure from the confrontation principle are, of course, the most important, visible, and promising signs that "the winds have changed." But let us add other, local factors—the cessation of bloodshed between Iran and Iraq; the withdrawal of Soviet troops from Afghanistan; agreement on the regulation of the conflict in Southwest Africa; the U.S. agreement to engage in direct dialogue with the PLO; progress in the regulation of the Kampuchean conflict—to these beneficial changes of a global, historical nature. Are all these coincidences by chance or is this a manifestation of an elusive factor that Germans have long been wont to call *Zeitgeist*—"the spirit of the time?"

It is also possible that we are present at the beginning of the decline of military dictatorships. Several years ago there were few who would have believed that the military regimes in South Korea and Pakistan could depart from the scene so quickly and relatively painlessly. But this happened before our very eyes even though many problems naturally still remain as regards the immediate political future of these countries. We recall that shortly before this, the dictatorial regime of Marcos ignominiously ceased to exist in the Philippines not long after military rule had come to an end in Brazil, Argentina and Uruguay. In Argentina, for example, such things had also happened in the past: generals left and returned to the presidential Rose House. But the fact of the matter is that there has now been a radical change in the public

attitude toward the very principle of military rule. When the author of these lines was recently in Argentina, in the course of talks with representatives of all manner of political currents, he became convinced that the great majority of the population was horrified and revolted at the very thought of a return to dictatorship.

"The idea of the democratization of the entire world order has become a mighty sociopolitical force," M. S. Gorbachev declared in his speech at the UN on 7 December 1988.¹ Such democratization is inconceivable without the democratization of the internal life of society, without overcoming authoritarian tendencies that are expressed, in particular, in the establishment of military dictatorships. It is specifically this aspect of modern international life that is the topic of the present article.

I

The regularities of both capitalist and socialist society are not entirely applicable to the developing countries. One of the reasons why these countries can be assigned to a special category is that they are usually backward and underdeveloped (the "disease of underdevelopment" is the result of their precolonial and colonial past) and that it is therefore impossible to apply to them the yardsticks of industrially (as well as socially and culturally) developed society.

It is specifically this "underdeveloped status" that is manifested, in particular, in the absence of strong bourgeois and proletarian classes capable of social hegemony and that forms the basis of the next important phenomenon: two sociopolitical forces—socialism and capitalism—actively influence the development of the liberated countries, but neither of them as yet has (to be sure, to a varying degree) adequate social support in the majority of these countries. World capitalism in many developing countries is based not so much on a national industrial bourgeoisie (which in principle should be the agent of capitalist development) as on the bureaucratic bourgeoisie, which represents the state-capitalist structure (a kind of "surrogate" bourgeoisie). The socialist tendency in the majority of countries following the noncapitalist road finds support not so much in the person of the proletariat, which is just now becoming a "class for itself," as in the person of revolutionary democracy, in a force that is antiimperialist and noncapitalist, that is not proletarian and not Marxist, but that is to a considerable degree petty bourgeois and nationalistic.

The incompleteness of class differentiation and the mosaic nature of the social structure create conditions for the unprecedented strengthening of executive power and state bodies, including the army.

In a society that does not have a clearly defined, dominant class and that consists predominantly of small producers who have little or no connection with the system of capitalist commodity production, the state alone is capable of mobilizing the necessary resources and of accumulating capital. But in the age of the

scientific-technological revolution, which also affects the developing countries, if they aspire to industrialization, their need for capital grows immeasurably and far exceeds the potential of the private sector. The economic weakness of private economic capitalism supports and nurtures the relative independence of the superstructure. There is a growing trend toward authoritarianism based on economic "dirigisme and etatism.

II

But why is authoritarian power in the developing countries primary **military** power, why does the military apparatus in the state system acquire such significance in them? The fact of the matter is that most of these countries do not have a civilian bureaucracy that is sufficiently powerful. Civilian power in an exploiter society is in general usually based on a strong, economically powerful and politically authoritative class of private owners. But it is specifically this class that is nonexistent in most even if not all (we mention India in this regard) former colonies. Feudal and semifeudal landowners have lost their positions as a result of agrarian reforms, and never existed at all in the great majority of countries of Tropical Africa. The industrial bourgeoisie is financially weak, is not inclined to take risks, lacks authority, and is inexperienced and unskilled in the sphere of modern business.

Where capitalist development cannot be effectively realized under the leadership of the bourgeoisie and the political parties expressing its interests within the framework of a parliamentary system that does not "work" in the East, that does not correspond to the nature of traditional society, its culture and customs, where the bankruptcy of this system leads to growing protests by the masses, where there are signs of revolutionary ferment, the military bureaucracy, which is connected with the bourgeoisie by many channels, takes matters into its own hands. The weakness of the civilian bureaucracy advances its military counterpart to the foreground.

And so the heterogeneity of society; its disconnectedness in an ethnic, religious, and clan sense, the diffuse nature and weakness of its class formations—all this creates the prerequisites for advancing representatives of the intelligentsia, the middle and intermediate strata, and, most importantly, the army, as the only force that from the very outset has material means of coercion, i. e., weapons, at its disposal, to the arena of political life. And if the ruling regime has finally discredited itself and if the "civilian powers" are for one reason or another incapable of making overdue changes—the army is the only force left that is capable of overthrowing bankrupt power.

At first glance, the army as a force that is (apparently) "neutral" in class terms, as the "armed hand" of the state, can, upon taking power, "place itself under society" and act in the interests of the state as such (both as an abstract idea of the state system and as a real organism that is in need of normalization). In actuality,

however, regardless of the subjective intentions and motives of generals and officers (some of whom often would like to simply establish the hegemony of a military corporation), the army has thousands of ties with society. It willy-nilly implements a policy that corresponds to one or another trend of societal development.

The military-bureaucratic bourgeoisie is in principle interested in capitalist development. It reflects the long-range, strategic interests of the class of local capitalists. At the same time, to be sure, the military bureaucracy may unhesitatingly remove specific, direct representatives of the bourgeoisie in the person of the party-political elite from power.

Is there any common ground in the motivations of the military seizing power, e. g., in Brazil and Uganda? Usually there is not. The developing world is now so highly differentiated and society in different countries is so dissimilar that it would be wrong to regard the military in Asia, Africa and Latin America as a homogeneous force guided by identical goals. It is obvious, for example, that the goals and motivations of the military to intervene in politics in a number of Latin American countries that approximate European society in the level of statehood and cultural, social, political, and economic parameters necessarily differ from the goals and motivations of the army in the Arab East or Tropical Africa.

The regime that results from a military coup (we will return to the question of whether this concept coincides with the term "military regime") in the most highly developed Third World countries, especially in Latin America, is different in two ways: (1) it originates when there is a serious threat to the power of the bourgeoisie or oligarchy by left-wing, revolutionary, and popular forces; (2) its objective function is to secure forced economic—especially industrial—development of the modern capitalist type. It is a bureaucratic-authoritarian system within the framework of which a military dictatorship (or quasi-civilian regime installed by the military) strives for the unhindered development of capitalism based on an alliance with foreign capital and with the assistance of foreign capital, i. e., to perform a task to which the insufficiently experienced, not yet consolidated bourgeoisie is not yet equal, unimpeded by the opposition of the exploited classes.

In the less developed Third World countries, such a task may exist only in the future; in these countries, the military enter the foreground of politics even in the absence of any serious left-wing movement and even when the bourgeoisie itself is developed to an insignificant degree with the aim of finding a way out of a crisis to which the country is subjected by an ineffective, unpopular, or totally bankrupt civilian leadership of a pseudoparliamentary type (or even a leadership that is authoritarian but insolvent for one reason or another). The action of the military does not by any means necessarily evolve into a palace coup aimed at changing the regime for the sake of preserving the system in the broad sense of the word. If the action is led by a

revolutionary group of officers (usually middle- and junior-level officers), the coup can mark the beginning of a national democratic revolution.

This usually happens when the social atmosphere in the nation is permeated with anti-imperialist or antifeudal feelings (Egypt in 1952, Syria, Iraq, Ethiopia, etc.). But if such feelings do not run high and if it is a question of struggling against a bourgeois-bureaucratic regime as such, without an admixture of nationalistic, "anti-Western" emotions, it will usually be specifically a palace coup organized by the conservative top brass of the armed forces for the sake of "purifying" and "normalizing" but by no means liquidating the system.

This brings us to the question of the social ties of the military, the interests of the given classes they express and the degree to which they express them. Western political scientists widely believe that the military generally reflect the interests of the "middle class." In reality, this problem is more complex. If one speaks of the world view of officers, it is really closer to the petty bourgeois world view than any other.

Dedication to traditions and "national values," mistrust of anything new and original that might disturb the established order of things, the need for bureaucratic organization (we recall what Engels wrote about the bureaucracy "that the petty bourgeois needs"), the willingness to tolerate dictatorship for the sake of "stability and order," hatred of the higher, privileged strata of society with their refinement and cosmopolitanism, and at the same time a certain contempt for the working class, side by side with the willingness to resort to the most radical, cruel, and violent actions for the sake of preserving one's own "place in life"—these and other features bring officers closer to petty bourgeois and middle strata.

But everything that has been said does not mean that the military upon coming to power will pursue a policy that is primarily in the interest of the given strata, even though in many cases, small owners (especially in the countryside) do realize a certain gain from the measures taken by military regimes. But on the whole, in Latin America, for example, the policy of these regimes has corresponded more closely to the interests of the economically dominant classes (even though it has infringed them politically), while in Asia and Africa it has more often benefited the bureaucratic bourgeoisie and the technobureaucracy while preserving the positions of the large owners.

It would be equally wrong to consider the army to be the simple tool of the dominant classes. We emphasize once again that there is a difference between policy that objectively promotes the interests of capitalist development and the "serving" of the capitalist class as a tangible social formation. Given the relative equilibrium of class forces, the imperfect consolidation of the bourgeoisie and its sociopolitical weakness, a neo-Bonapartist

etatist dictatorship represented by the military is quite autonomous and therefore acts in the interests of others only when they coincide with its own interests. If the merger of the army's top brass with the owner strata has gone sufficiently far and the military-bureaucratic bourgeoisie forms, then the interests coincide actually and substantively.

Nevertheless, in any event the officer corps, for all its elitism and corporativism, still lives within society, is connected with society, draws its ideas from its common source with the predominantly petty bourgeois intelligentsia.² But the latter's intellectual baggage includes conservative, liberal, and even radical (chiefly nationalistic but also social-class) conceptions and views; the intelligentsia is not homogeneous, but is itself divided into currents and parties. It forms the backbone of any organization, from extreme right-wing to extreme left-wing. The military "take" from this baggage what is closer to them and display monolithic character in situations demanding the corporate solidarity of the army. But the instant such situations pass, there is no less division in army ranks than there is among civilian politicians.

III

In addition to the usual intellectual and group differences inherent in any category in society, among the military that come to power there is a specific and fundamental contradiction between the army as a professional institution and corporation on the one hand and the military elite that becomes an organ of state power on the other. Here, finally, the question arises as to specifically what can be called a military regime.

Some Western political scientists use the term "stratocracy" (from "stratos"—the Greek word meaning army). Stratocracy in the Third World is a phenomenon that is as widespread as it is short-lived. It is government by the armed forces as such, that "legalize" their authority by unconstitutional means and proclaim themselves to be the supreme organ of state power. There are two basic variants here: the assumption of power by military leaders (Brazil in 1964, Argentina in 1966 and 1976, Nigeria—repeatedly, a number of other African states, Pakistan, Turkey, etc.) and the assumption of power by a group of officers who have incited part of the armed forces to revolt. The first instance is essentially a military operation in the domestic policy sphere: the army's top commanders lead forces that are legally subordinate to them in an assault on an objective that proves to be their own government. In the second instance, a faction of military personnel, to the contrary, is against its own command element and against the government and constitutes itself as both as an organ of state power (by creating a "revolutionary command council" or another, analogous organ) and as the new command element in charge of the nation's armed forces.

The reason for the short duration of a stratocratic regime (i. e., open, noncamouflaged government by the military)

is the necessity of resolving the legitimization problem, the legalization of power. In society's eyes (even if society welcomed the very fact of the assumption of power by the military) and in the eyes of the international community, a purely military regime nevertheless remains abnormal and not entirely legal: ultimately it is not the army's business to govern the state. Thus, British political scientist S. Finer believes that a military regime in its pure form cannot resolve three problems: find sufficient support for itself in society and emerge from isolation; become institutionalized; and solve the "succession" problem, i. e., the procedure for transferring power from one head of a regime to another.³ And even if the military have no intention of abdicating, they usually try to provide this power with some manner of constitutional facade.

It goes without saying that this kind of "secondary legalization" is in fact of a pseudoconstitutional nature: the regime either simply "renames" itself, calling the leader of a military junta a "civilian" president or making a civilian politician the nominal head of state. This may be accompanied by a referendum or even by the election of the head of state (without the actual possibility of election since no one except the candidate nominated by the military can be elected) with the hasty formation of a political party that represents the interests of the ruling military faction (or there may be no party whatsoever). This is a case of quasilegitimization.

While everyone realizes that little has changed in actuality, everything has been done in a formal sense: the country is no longer governed by a faction that has usurped power, but instead is ruled by a "legal" government. Criticism of the insufficiently democratic nature of the "legitimization" procedure is countered with references to the extraordinary, critical circumstances that forced the military to "assume responsibility for the fate of the nation" and with promises to restore customary democratic procedures in the future as the situation is normalized. Since there are no precise criteria of "normalization" whatsoever, the "future" may be postponed indefinitely.

But does everything really remain the way it was? By no means. "...Even weak institutionalization," writes S. Finer, "means that the military retreat from their position as the ruling force...An institutionalized 'military regime' is **not** a stratocracy."⁴

The army remains the **politically**—specifically politically—**dominant** force: an economically dominant force may be the bourgeoisie strengthened under the aegis of the military in alliance with the landowning oligarchy (Argentina, Pakistan) or without such an alliance, or the bureaucratic bourgeoisie. Real political power, however, is wielded by the army. But this does not mean that the army as an institution is also the ruling force: this function is appropriated by an elite that emerges from the army, that becomes an organ of state power, that operate not on the basis of consensus, the opinions and interest of the officer corps, but that is primarily guided

by its own interests, that, as K. Marx and F. Engels noted, has the tendency immanent in state power to isolate itself from society and to set itself up against society.

Here is F. Engels' formulation: "The power that emanates from society, but that places itself over society, that increasingly alienates itself from society, is the state."⁵ K. Marx formulated this idea even more sharply: "The state is a supernatural miscarriage of society."⁶ He was not talking about antiquity: we recall that specifically with respect to a state that was his contemporary—France's Second Empire, K. Marx considered it possible to use such formulations as state power, "that flouts even the interests of the dominant classes"⁷ and the triumph of the "state that was divorced from and independent of society."⁸

At first glance, these statements contradict the thesis of the class nature of the state. After all, if the state is the instrument of the economically dominant class, how can it "flout the interests" of this class and be independent of society? And how can state power have its own "special interests" (distinct from the interests of this dominant class)? How can this power become the "sovereign" of society as a whole, i. e., the sovereign of the dominant class and not only the oppressed classes and the masses?

The founders of Marxism obviously also noted yet another "specific interest" of the state that is not exclusively reducible to "specific functions" stemming from the "opposition between the government and the masses."⁹ They discovered a deep-seated tendency for state power to be alienated from society as a whole, including the economically dominant class.

In what is this tendency rooted? Let us turn first to Europe, to its history which Marx and Engels used as the basis for studying patterns of societal development. It can be assumed that the tendency noted by them is connected with at least two factors: the first of them, tentatively speaking, is the centralist-monopolistic aspirations of supreme power; the second is the bureaucracy.

Let us initially discuss the first factor. The very nature of state power and those "special organs for protecting common interests," about which Engels¹⁰ wrote, inherently contains the possibility the emergence of the above-noted "special interests" that may conflict with society. The reference is to the tendency to monitor all aspects of society's life, to secure the stable, unshakeable, constantly perpetuated power of the center. This is psychologically based on the self-preservation instinct, the attempt to retain supreme power, to guarantee the total possibility of self-reproduction of "special organs," among which Engels considered state power to be the principal organ. The view here is specifically of state power, the state leadership (the court, the government) as distinct from the state as such in the broad sense.

While expressing the interests of the economically dominant class as a whole, while securing on a broad social plane the implementation of a policy that is responsive

to the needs and aspirations of this class, central power must at the same time necessarily concern itself with preserving and guaranteeing its own positions; this requires monitoring society to the maximum possible extent in order to detect and thwart any threat to its dominant position. This threat may come from the social forces that are able to challenge central authority because they have their own economic base and are less economically dependent on central authority. In other words, the reference is to the selfsame economically dominant class whose interests are expressed by state power.

It is this dialectically contradictory situation that makes it possible to understand one of the important reasons behind the struggle of absolutism, that objectively expressed the interests of feudalism, against the feudal lords. The securing of feudal development was not identical with "serving" the interests of the feudal lords as a specific class, just as in the modern Third World the creation of conditions for successful capitalist development, as has already been stated, may be combined with the infringement of the political positions of the bourgeoisie as a class. The monarchy in medieval Europe saw a real threat to lie in the existence of powerful, independent strata of the higher nobility with its semi-independent domains that were beyond strict central control. *Sluzhilyye dvoryane*, [nobles] who were dependent on the court and derived their economic base from the court—let us recall the *oprichnina* of Ivan the Terrible—were considered more reliable. This unique "noble bureaucracy" was promoted for its support for the throne.

We are discussing the problem posed by the bureaucracy. The bureaucracy, which is an integral, central part of the system of state power in an exploiter society, that by its nature strives to become a decisive factor in this society, to determine the entire course of events, to monitor everything, and to subordinate everything to itself, is especially strong in an authoritarian state. The tendency toward independence, toward excluding the public from its sphere of activity is intrinsic in a bureaucracy which tries at the same time—consciously or unconsciously—to infringe the independence of other social forces, to weaken their autonomy, and to control all social institutions in general, with the army naturally being no exception.

In a broader sense, the army itself, being an instrument of the state, performs part of the functions of the bureaucracy as a whole. As a professional institution, the army can be called a technobureaucratic corporation, an important (if not the main) support for the authoritarian-bureaucratic state. At the same time, the army's given, bureaucratic "hypostasis" clashes with the army's autonomous social position that requires "political space." Officers who become part of the structure of state power, who become presidents and ministers, who occupy posts in departments or serve on the boards of state companies enter the sphere of play of non-army interests.

The military bureaucracy is above all a **bureaucracy**; a certain barrier separates officers who are state bureaucrats from officers who are commanders of military units. Both the new state leaders, after taking off their uniforms, and the military-etatist bureaucracy pursue their own "special interests" that often do not agree with the interests of the army environment that sired them. There is a tendency toward the development of the "reverse professionalization" of the army which, after giving its top brass the possibility of bringing about a coup and seizing power, must henceforth return to the fulfillment of their direct professional duties. But such a state of affairs displeases officers who are "stratocrats," who favor the permanent authority of the army as such as well as those who agree to return to the barracks but who believe that in such a case it would be better to restore civilian government than to have some kind of surrogate authority that is not the dictatorship of the army in the real sense of the word and a regime that is not democratic.

Friction and the emergence of factions among the military, to say nothing about intellectual discord, are therefore inevitable. The history of regimes is a continuous succession of conspiracies, purges, of transferring and cashiering officers. Officer cliques hold grudges against one another. British historian W. Gutteridge justly notes: "The instant the military in a country lose their political virginity, military discipline declines and the professional tradition of recognizing the authority of power wanes."¹¹ Some ambitious officers. The "instinct for power"—the desire to go to the very top—is awakened in some ambitious officers who see their military career as a stepping-stone to a broader, political career. Referring to the African military, W. Gutteridge notes that they have not made any substantial contribution to "the development of political culture or to long-term political viability."¹² American scholar M. Wolpin disagrees with the opinion that military regimes demonstrate a higher degree of effectiveness in the socioeconomic sphere than civilian regimes and uses a number of tables to prove that the reverse is true. He notes in particular that the longer a military regime is in power, the more repressive its policies and the higher the nation's inflation become. Military regimes that are in existence for a long time spend more on the army's needs than any other regimes and the size of the army itself in such countries is on the average 38 percent higher than in countries with civilian regimes. M. Wolpin believes that the low level of accomplishments of military regimes in existence for a long time is in large measure due to the fact that a large share of the national resources is expended on the well-being of the military themselves.

Out of 15 countries in which allocations for defense needs exceeded one-fifth of the state budget in the '60's, 10 were governed by the military. On the contrary, out of 10 countries where less than 10 percent of the budget was spent for this purpose, 8 were governed by civilians. On the basis of the analysis of 10 indicators (per capita GNP, growth of industrial output, spending on education, infant mortality, per capita food consumption,

housing construction, etc.), M. Wolpin argues that civilian regimes are unquestionably superior to military regimes. Military regimes proved superior only with respect to such indicators as the accumulation norm and employment.¹³

IV

Thus the general results of the incumbency of the military in the developing countries are far from substantial even though the economic growth of these countries is frequently impressive. The military usually depart from the political arena without winning any laurels. In this sense, there is little difference between a stratocracy and a military regime in which the army only plays the role of the main supporting force (it would be more correct to call them authoritarian-bureaucratic regimes that are primarily based on the armed forces and that are headed by persons from the military environment).

How do the military depart from power? Only relatively voluntarily, choosing the "lesser evil" and manipulating the political process in such a way as to more or less painlessly transfer power to the hands of a civilian government (Brazil, Peru, Turkey, the Sudan in 1985, Thailand, and Argentina with certain qualifications or else they are overthrown, usually also with the aid of the army (numerous instances in Africa). In the first case, the transfer of power is occasionally quite long: 6-7 years in Brazil (1978 or 1979-1985); 3 years in Peru (1977-1980); 4 years in Nigeria (1975-1979); 2 years in Ghana (1977-1979); and 3 years in Turkey (1960-1963). Classifying the factors necessary for the departure of the military, S. Finer writes that there must be (a) motivation (either the conviction that a civilian government will be better than a military government or a threat to the army's solidarity or the lack of self-confidence); (b) objective conditions (general agreement of the military and securing the appropriate protection of the corporate interests of the military in the future); (c) internal challenge to the military regime or pressure from without; and (d) the existence of a civilian organization to which power can be transferred.¹⁴

One can agree that all the enumerated factors are truly necessary so that a military regime that has lost the ground from under its feet would venture to restore civilian government. Probably more important is what S. Finer calls "the internal challenge to a military regime," i. e., the reluctance of society as a whole, of all or the majority of classes to tolerate the domination of the military. To be sure, this factor in itself is insufficient, as shown by the example of Chile where the Pinochet regime has for many years been opposed by practically all society, but the anti-popular dictatorship nevertheless holds on because the army remains loyal to "El Jefe." Consequently, the concept "internal challenge" should also include sufficiently strong opposition within the armed forces proper and a real or potential split in the army.

The masses are usually negatively disposed to a military regime even if they initially welcome the seizure of power by the army as a result of the decline in popularity or total bankruptcy of the regime preceding it. But this is not enough: it is also necessary that society's economically and socially dominant strata or only part of them turn against military power, that circles in the community with which officers are primarily connected join the opposition to the regime.

It has already been said that even if a military regime objectively creates conditions for capitalist development, this does not mean that the bourgeoisie will support it forever. Sooner or later, the military-bureaucratic dictatorship will evoke its displeasure. F. Engels wrote that the bureaucracy "will become unbearable fetters to the bourgeois"¹⁵ while K. Marx noted that the bourgeoisie "is revolted by military despotism."¹⁶ It is easy to understand the reason behind this revulsion: military despotism, i. e., the domination of the military-bureaucratic caste is the supreme, the maximum triumph of the "special interests" of state power noted by Engels, that is based directly on power that is not restricted by the law, and that is able and willing, when necessary, to flout the interests even of the dominant class.

This is one of the reasons why, as already noted, the bourgeoisie in the Third World in time inevitably begins to find government by the military burdensome, to demand political power for itself, i. e., the transition to civilian government, to a representative system. V. I. Lenin wrote: "Normal capitalist society cannot develop successfully without a firm representative system..."¹⁷ The result is a paradoxical situation where the military regime is concerned: the stronger the bourgeoisie becomes "under the wing" of the military, the more persistently will it act against the regime in the effort to obtain the type of government that will enable it to monitor government policy, to determine its direction, to hold the reins of power in its hands, to know the government's intentions in advance, to be confident that its capital is safe, etc. An autonomous, uncontrollable, unpredictable, and willful bureaucracy does not allow the bourgeoisie to feel itself the master of the situation.

Was this not part of the reason for the demise of the military dictatorships in Brazil and Argentina where the bourgeoisie (in the absence of a strong threat from "the left") ceased to be satisfied with a situation in which the militarists, while encouraging the economic activity of the capitalists, isolated them from the direct reins of political power?

Twenty or even 10 years ago, foreign publicists wrote that the domination of the military in the Third World was possibly a permanent phenomenon, that the army had evidently come to power in earnest and for a long time to come. Today one hears more and more frequently discussions of the erosion of military regimes, that the "peak" of army power has already passed. But if this is so, the discussion can be only of the very extended

future: after all, even if guided by the criterion that was advanced above, i. e., the maturity of the bourgeoisie and its readiness to take political power (and this criterion is by no means the only one), we must admit that the great majority of Asian and African countries are still far behind the most highly developed Latin American countries. But time does not wait. The problems are mounting. The future of countries following the capitalist path will most likely be fraught with such complications and conflicts in which there will be new chances for the activity of revolutionary forces that reject the capitalist alternative as a whole without regard to its types and nuances.

It is already now apparent that one of the most powerful trends in the sociopolitical life of the modern world is the trend toward democratization that is gaining momentum in the most highly developed countries. It is not so far from the slogan "A world without arms, a world without war" to another slogan: "A world without violence, without despotism, a world under democratic conditions."

Authoritarianism, which is always potentially ready to become totalitarianism, has written the names of dictators and tyrants who have acted under different, frequently directly opposing ideological slogans, in bloody letters in the history of the 20th century. In addition to grandiose scientific-technical attainments, our century has presented mankind with genocide, concentration camps, and the total subordination of the individual to the interests of the all-powerful state. "You are nothing, your people are everything!"—such was one of Hitler's slogans. "The people," "the state"—countless crimes have been committed supposedly in their name, supposedly in their interest. Third-World countries also evidently cannot avoid a stage in their development in which the human individual is considered insignificant and obligated to grovel before an all-powerful force that has affirmed itself entirely and that speaks in the name of something "common" or "great"—be it a nation, religion, state, or something else. And this state of development, unfortunately, is still far from complete. The triumph of authoritarianism is promoted not only by economic conditions but also by social psychology. It is all the more gratifying that the shoots of democracy are beginning to make their way in all corners of the world. It can be assumed that the more balanced and calmer the general world situation is, the more remote the threat of a war that will be disastrous to all mankind, the more the principles of justice and humanism are diffused and strengthened in the sphere of international relations, the more firmly will the basis of the struggle for democracy within countries comprising the world community become.

Footnotes

1. PRAVDA, 8 December 1988.
2. Officers usually come from middle, intermediate petty bourgeois strata or are members of no defined class.

Soldiers are of peasant stock. The bourgeoisie and proletariat are represented least of all in Third-World armies.

3. See *THIRD WORLD QUARTERLY*, January 1985, p 17.

4. *Ibid.*, pp 18, 19.

5. K. Marks and F. Engels, "Sochineniya" [Works], Vol 21, p 170.

6. *Ibid.*, Vol 17, p 546.

7. *Ibid.*, p 545.

8. *Ibid.*, p 547.

9. *Ibid.*, Vol 25, Part 1, p 422.

10. *Ibid.*, Vol 22, p 199.

11. W. Gutteridge, *THIRD WORLD QUARTERLY*, January 1985, pp 79-80.

12. *Ibid.*, p 83.

13. Miles D. Wolpin, "Militarism and Social Revolution in the Third World," New York, 1981, pp 146, 148, 151, 153, 173.

14. *THIRD WORLD QUARTERLY*, January 1985, p 23.

15. See K. Marks and F. Engels, *Op. cit.*, Vol 4, p 57.

16. *Ibid.*, Vol 12, p 43.

17. V. I. Lenin, "Polnoye sobraniye sochineniy" [Complete Collected Works], Vol 20, p 68.

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GLOBAL PROCESSES ON THE VERGE OF THE MILLENNIUM

Leninist Basis of 'Stalinist Totalitarianism'

18160016d Moscow MIROVAYA EKONOMIKA I
MEZHDUNARODNYYE OTNOSHENIYA in Russian
No 7, Jul 89 pp 82-84

[Article by M. Cheshkov: "Stalinist Totalitarianism or the Ideal Type of a Non-free Society"]

[Text] Attempts to describe in theoretical terms the phenomenon of Stalinist totalitarianism seem timely particularly in connection with the elaboration of an ideal type of totalitarianism or, using the language of some of our literary critics, an ideal type of non-free society (an ideal type of non-freedom). In other words, one feels the need for a model for describing an entire class of empirical objects, especially such a class as Stalinist totalitarianism because it maximally

approaches the ideal type of non-freedom on the one hand while it itself provides the most complete empirical material for constructing the latter on the other. The model is intended to elicit the correlation between impassability [*tupikovost* and self-transformation in an empirical object. In my view, this task cannot be realized by either political economy or political science. It can be realized by combining the ideal model of non-freedom with such disciplines as historical sociology and the science of international relations.

Let us turn to the genesis of Stalinist totalitarianism. It originates as the product of social revolution not simply as the consistent and radical negation of capital but as its **absolute** opposite. Opposition to capital became the genetic principle (or the principle of genesis) that was laid down in October 1917 and that has continued to the present. By the beginning of the '20's, V. I. Lenin began to realize that the construction and development of socialism were impossible as long as this genetic principle was preserved, that it had to be broken before it could be strengthened (before it could become a genotype). His proposed policy did not reject the opposition principle, but gave it a **relative** character, which found reflection in Lenin's policy of peaceful coexistence and state capitalism which was based on the union with foreign capital from above and with the peasantry (and certain strata of the bourgeoisie) from below. However the opposition principle was not relativized all the way. It continued to be the basis of society's development and functioning and formed the genotype of Stalinist totalitarianism. The given genotype includes the principle of absolute opposition not only to capital but also to its basis—the market and advances a natural-planned economy as a counterweight; opposition is realized in all parameters: economic (the monopoly of state property), social (the primacy of common interests to the detriment of group and individual interests), political (the monopolization of political functions in place of parliamentary democracy), ideological (ideological monism), and cultural ("official" culture instead of cultural pluralism). This principle was reinforced outside where it assumed the form of relations of polarization (two world systems), of the ideologization of international relations, while **relations without connections** became the norm and the ideal in the external sphere. Given such external relations and the level of development of society and the nation, the absolute opposition to capital could only be its formal or negative rejection. On a positive plane, this principle (and genotype) is embodied in a structure that can be characterized by K. Marx's term "universal form of private property."¹

Thus, Stalinist totalitarianism as the ideal non-freedom is a structure that is created according to the principle of absolute opposition to capital, i. e., the opposition of the global (both outwardly and inwardly), the total (in all spheres of relations), and the formal (reduced to the "universal form of private property." On a historical plane, Stalinist totalitarianism is a non-bourgeois structure within the framework of the bourgeois era of world

history as the negative companion of capitalism. The ideal type of non-freedom can be described within the framework of the world historical process or, more precisely, history which, upon becoming world history, generates its own historical or world-historical structures. Absolute opposition to capital is not only the basic but is also the simplest and therefore most common feature of such world-historical formations; it is a necessary and sufficient feature for the ideal model of a non-free society that originates in the stage of world history in which there is a dramatic increase in the antagonism between its basic oppositions (capitalism-socialism, center-periphery). Other features are provided by variations of an ideal type that are differentiable in terms of the object of opposition (society, ethnos, culture); in terms of the character and "totality" of the opposition (outside opposition without opposition from within); and finally in terms of the balance of correlations and connections. These variants are compatible with various types of social relations, which is demonstrated—in addition to Stalinist totalitarianism—by examples of formations that are very close to the ideal of non-freedom in countries with different types of socioeconomic relations.

By virtue of the given genetic principle, such formations do not have their own positive content and are therefore incapable of self-development. To put it another way, these are dead-end, paradoxical, ahistorical [*aistoricheskiye*] formations that are devoid of historical method, that have been created by the course of history, that have become world history—formations in which structures have swallowed up the processes and space has swallowed up time, i. e., they are the "black holes" of history.

Historical impassability is manifested with particular completeness in the ahistorical type of consciousness characteristic of them. As the critics of anti-utopias have well described it, Stalinist totalitarianism considers itself the crown and hence both the beginning (everything preceding—prehistory) and end of history; it considers the past to embody only the inevitability of its own birth and the future—to embody the expansion of its present existence. Seemingly starting from zero, Stalinist totalitarianism appears to have been created through spontaneous birth and to have broken with historical continuity in the process of its functioning. Such "abolition" of time is the form of social consciousness that is adequate to its genetic principle.

Impassability expresses the essence of the ideal model of non-freedom—its ahistorical nature and lack of content (the absence of intrinsic positive content).² In addition to it, there is also another side: the immanent existence of this model as a world relation and not merely its inclusion in world relations (such things are excluded from the ideal of non-freedom). The possibility of transformation of Stalinist totalitarianism stems not simply from outside influences but from the fact that it belongs to **world-historical** structure-processes, the most important of which are: the transformation of mankind into

the principal subject of history and the consequent elevation of man as a factor in the society, culture, and production, and the relativization of intersystemic and international differences in forms of social organization; the coupling of the producer in management processes to the basic means of production; the compatibility, complementarity, and mutual necessity of different forms of social organization and types of economic management based on the new international social division of labor that forms in the course of the world scientific-technological revolution. In a word, world history itself, in a manner of speaking, eliminates the impassability it has created.

Taking the impassability into account, the evolution of Stalinist totalitarianism appears much more complex than evolution from traditional to modern society in the West in the course of industrialization and in the channel of classical capitalism. If the evolution from preindustrial to industrial society was in principle determined and therefore unambiguous, the evolution of Stalinist totalitarianism in the present world community is in principle probabilistic, representing the aggregate of ordered processes of development and stagnation, impassability and transformation, in other words, changes in qualitatively different directions. The reasons for these specifics are not only the above-noted impassability of world-historical formations of the given type, but also the existence or, more precisely, rebirth of analogues of social forms of the historical process that society has not experienced (from analogues of "*aziatchina*" [cultural backwardness], feudalism and even slave-owning—forced labor—to various forms of capitalist relations).

It is to be hoped that the discussion of important theoretical problems raised in the given discussion will not be confined to the scrutiny of sociology and political science. There must be cooperation of political scientists and sociologists with economists, culturologists, "microsystemists," and, of course, historians, considering the growth of historical self-awareness and historical consciousness throughout the world. In particular, the combination of the microsystems principle with historical method on the basis of the world-historical approach will make it possible to penetrate the essence of the ideal model of non-freedom, to clarify the avenues of its transformation, and to understand the way in which the world-historical process resolves the impassability that it itself has created.

Footnotes

1. See M. Cheshkov, "The Need to Reexamine the Bureaucracy Concept" (ME i MO, No 2, 1989, pp 77-78).
2. Which is not taken into account in discussions of the nature of Stalinism that is variously equated with the "Asiatic" mode of production, feudalism, and state capitalism.

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OUR CORRESPONDENT ABROAD

West German Views of Prospects for East-West Trade

18160016e Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7, Jul 89 pp 85-90

[Article by Yu. Yudanov: "Economic Problems of the 'Common European Home'"]

[Text] The logic of the atomic age requires the attainment of security in the entire complex of international relations—in the military-political, economic, ecological, and social-humanistic spheres. The principal problem of modern times—the survival of mankind—cannot be resolved in any one of these areas. No single country can by itself attain reliable security. This must be sought on a collective basis. Hence the inevitable search for comprehensive solutions on a continental or even worldwide scale. Such are the main tenets off the "new thinking" in world politics. They also lay the foundation for a constructive approach to European problems. The creation of a "common European home," a concept advanced by the Soviet Union, finds more and more adherents on our continent and elsewhere in the world.

The role of the economic factor

The most important problems of pan-European cooperation can be successfully resolved only on the basis of mutual trust, consensus, and mutual gain. These main principles of the "new thinking" in the area of international relations are beginning to be manifested in the military-political sphere.

But as Professor M. Schmitt (University of Cologne) noted in his latest book, "the fundamental contradictions between East and West on military-political security and humanistic problems continue to be the most difficult element in the entire system of international relations."¹ Many West German researchers and public figures subscribe to this point of view. They also propose making more active use of other spheres of international East-West cooperation to expand the basis of mutual trust.

In the opinion of L. Spath, prime minister of the state of Baden-Wurttemberg, "the conflict between East and West will inevitably exist in the foreseeable future." Under these conditions, the three most important spheres—economic, scientific-technical, and cultural relations—can be viewed as the most important means (directly following disarmament measures) of attaining real international detente.²

The possibility of creating positive impulses in economic cooperation capable of influencing the entire system of interrelations between East and West was discussed at the so-called "Bergedorf meetings." They are held regularly and as a rule assemble prominent representatives of science, the business world, and social and government organizations in the Federal Republic of Germany. U. Engert, the moderator of the March 1988 discussion, defined the essence of the problem as follows: "In the past, we wrongly devoted little attention to an area which in my opinion can be a critical area in the entire system of interrelations. The reference is to more effective cooperation in economics and science and technology. The success of this cooperation will become the prerequisite to the formation of multilateral trust, without which no substantial degree of progress is possible in military and humanistic spheres."³

Of late there has been much discussion in the FRG of the need to give a pan-European character to economic processes because it is specifically in this sphere that a certain level of mutual trust has already been attained. The business community has developed a favorable view of the stability of trade and economic relations with the Soviet Union.

No little importance is also attached to the economic factor as a means of forming the basis of "cooperation between systems." Positive changes in the sphere of economic cooperation, in the opinion of L. Spath, may be the basic component part of the new political orientation, which will make the transition to the new form of relations between East and West possible. The problem of economic relations must therefore be viewed in the context of European security and cooperation.

Accordingly, active discussion is conducted in several directions. First of all, the question of the possibility of the effective influence of economic relations on the character of military-political relations between Eastern and Western countries is raised. Here, too, the spectrum of assessments is quite broad. The opinion is expressed that both of these processes can develop in parallel. What is more, there are restrictions on industrial cooperation from both sides: from the Western side—the COCOM lists; from the socialist countries' side—fears of excessive dependence on the West.⁴

At the same time, there is the growing conviction that economic relations can retain a certain degree of autonomy and can develop under the influence of purely economic factors. Arguments from which it follows that the reduction of trade between East and West is the result not of political factors but rather of the decline of prices of energy-raw material products are usually cited as confirmation.⁵

The idea that economic relations under certain conditions may prove not to be the most decisive factor in international political relations but that their influence is always beneficial is acquiring more and more advocates. Thus, for example, Professor M. Schmitt believes that

"West German industry has had a positive, long-term influence on East-West cooperation even during times when political relations were difficult."⁶ One of the West German participants in the "Bergedorf meetings" defines the basic goal of economic cooperation with the Soviet Union as follows: the creation of stable, long-term peace in Europe, and in bilateral relations—increased emphasis on political dialogue with the simultaneous intensification of both economic and cultural relations.⁷

Despite long-standing traditions, trade and economic relations between Eastern and Western countries are quite a complex process. "The forces that repel between Eastern and Western parts of the continent are stronger than the forces that attract," M. S. Gorbachev noted in his book. However the present state of affairs in the economy in both West and East and the palpable results are such that it becomes possible to find some mode of combining economic processes in both parts of Europe for the benefit of all.⁸

The successful search for such a "mode of combination" of economic interests within the framework of the entire continent is possible only on the basis of mutual gain. Hence there is need for careful analysis of the thesis that economic cooperation with socialist countries has only limited significance for the Federal Republic of Germany and other West European countries. Statistical data on the insignificance of the share of all East European neighbors in West European exports which more-over tend to decline are usually cited as confirmation.

A special study " 'Common European Home' or Atlantic Orientation?" by H. Adomeit, a scientific associate of the Research Institute for International Policy and Security (Ebenhausen) is devoted to this problem. He states that notwithstanding the favorable prerequisites for trade and economic cooperation with Western Europe and the interest shown by the Soviet Union in a higher degree of integration into the world economy, the development of this process is in fact extremely weak. The Soviet economy's modernization needs are addressed more to Western Europe than to the USA. But economic conditions—declining prices on petroleum products, lowering demand for energy resources in Western Europe, low competitiveness of Soviet industry, etc.—do not promote the realization of this tendency.⁹

The approach to the "entrepreneurial profitability" of East-West cooperation has begun to change of late. The FRG economy, which is oriented toward export, is faced with the need to resolve very urgent problems. The reference is to structural reforms in the economy and the economy's greater adaptation to the new needs of the world market and scientific and technical progress. The most difficult problem is to secure employment for a significant number of workers from traditional branches of production that are swelling the ranks of the unemployed (over two million persons). Finally, the need for the ecological modernization of the industrial base in the face of the deteriorating environment becomes increasingly urgent.

What is more, it is also necessary to take changes in the world economy into account. L. Spath, for example, believes that the FRG economy will in the near future feel the impact of substantial factors that must be prepared for in good time. The reference is to the creation of the "single internal European market" by 1992, to the dramatic intensification of protectionist measures by the USA in order to reduce its trade deficit, which will cause the reorientation of commodity flows toward the West European market and will amplify the competitive onslaught of the "new industrial countries." Considering all this, L. Spath notes, it is important to expand economic cooperation in all directions. "Logic itself...suggests the inevitability of economic cooperation and the international division of labor with neighboring socialist countries."¹⁰

Under the conditions of scientific and technical progress and sharper competition in the world markets, simplistic principles of economic profitability that are not based drawing strategically promising markets into economic activity are not sufficiently reliable. "The Soviet market promises to be interesting in the '90's," notes the journal *MANAGER MAGAZIN*. "Firms oriented toward cooperation must think in long-term categories."¹¹

During our talk, Professor M. Schmitt said that the existing volume of trade between East and West can with relative ease be increased 2-3-fold if the mechanism of economic relations begins to operate more effectively. In his new book, he wrote that the search for "a mechanism to commercialize" existing possibilities and resources from both sides should be considered the most important task of the years ahead in economic relations between East and West.¹² In the foreword to his book, H.-D. Genscher writes: "Using the principles of mutual profit, 'eastern Geschaefit' must be brought to a new phase of development. It is not only of interest to our economy, but can also perform important political functions."¹³

There is one more promising sphere of pan-European cooperation: the ecological sphere. In this area, as H.-J. Vogel, chairman of the Social Democratic Party of Germany, noted, "the interests of both sides coincide as in no other."¹⁴ In time it may become one of the basic spheres in the entire system of economic cooperation.

The formation of multilateral economic cooperation

Many of the people I talked to in the scientific and business community attributed the reduction of trade between East and West, including trade between the USSR and FRG, in recent years primarily to the drop in world prices of oil and petroleum products. But other opinions were also expressed. Professor U. Donges, vice-president of the Kiel Institute of World Economics, in the course of our talk, singled out several factors that led to the slackening of trade and economic cooperation on the European continent. First—the general change in the character of the economic development of Western Europe; the transition to the intensive path of industrial

development, which predetermines the more rational use of energy-raw material resources. Hence the decline in the demand for many types of these products from East European countries.

The second factor: increased competition with producers in the "new industrial countries" (chiefly Asian). Since many types of exported goods from Eastern Europe are, according to Professor U. Donges, "in the same market niche" with products of firms of these same countries, the question has been resolved in favor of those that have shown more flexibility in adapting to market conditions. The share of the "new industrial countries" in imports from OECD countries rose from 1.2 percent in 1965 to 6.5 percent in 1987.

Finally, the decisive negative factor is the absence of real interest and experience of export activity on the part of Soviet enterprises. Another person I talked to—A. Leban, director of Deutsche Bank—believed that a paradoxical situation had developed in this area: a large group of Soviet enterprises is authorized to develop foreign economic relations independently, but they essentially do not enjoy the total support of the state. And yet in all Western countries, firms engaged in export activity are in a privileged position.

At the same time, prospects for economic cooperation between East and West in scientific research, business, and government circles in the FRG are evaluated positively. There are new features in this process: the development of multilateral principles in economic interaction and the introduction of new forms of cooperation the lead to the strengthening of cooperation in production.

After the signing of the agreement between the CEMA and the EC in July 1988, priority directions were outlined: ecology, transport, energy, exchange of trade and economic information, statistics, unification of standards, etc. In the opinion of Professor H. Meier, the organization of cooperation between Europe's existing economic associations creates a "new qualitative basis for the interrelations and reciprocal openness of social systems."¹⁵

The creation of an effective system of international division of labor in Europe is obviously connected with the transition from bilateral to multilateral cooperation. Of course this path is very complex. But for that, multilateral cooperation opens the way to the joint realization of major projects for the good of all mankind. The situation that developed in the aerospace industry, for example, attests to the importance that such interaction holds for Western Europe. It is known that out of 2000 space launches, the highly developed West European region accounts for only about 30. Of the 3500 satellites in operation, only about 40 belong to Western Europe.

In the opinion of H.-D. Genscher, the time has come to eliminate Western Europe's lag in world space exploration and to expand cooperation with the USSR in this

area substantially.¹⁶ The Soviet Union has already proposed the use of Soviet rockets to launch West European communication satellites. The broader development of mutually advantageous scientific-technical cooperation on the continent is also possible.

The rational correlation between pan-European and intrabloc integration processes is a problem that frequently arises in multilateral cooperation in Europe. It is very important that integration processes in individual industrial-trade associations promote the growth of pan-European economic cooperation rather than reinforce the existing technical and technological division of the continent. As Professor M. Schmitt correctly observes, more intensive cooperation between associations can not only make a significant contribution to European security, but will also correspond to the economic needs and long-range goals of the entire continent.¹⁷

Multilateral partnerships at the firm level are a very promising form of East-West economic relations. FRG firms have already joined consortiums that have been set up to carry out a number of large-scale industrial projects in the Soviet Union. The integrated development of the Kola Peninsula's natural resources up to the year 2005 with an aggregate investment of 18.5 billion rubles is one of these projects. The project includes not only the construction of enterprises for the production of fertilizers, construction materials, rare metals, etc., but also the creation of the necessary infrastructure (motor roads, etc.). Several large contracts are scheduled to be carried out with the participation of West German firms. West German "big chemistry" is also taking an active part in a consortium that has been formed to develop West Siberia's oil and gas fields.

In the course of our talk, Dr. Ya. Stankovski, a scientific associate at the Austrian Economic Research Institute, outlined his vision of priorities in the construction of the "common European home." The sphere that is best prepared for interaction is ecology followed by economics. Cooperation in this area will make it possible to establish a new qualitative level of mutual understanding in the military-political and social-humanistic spheres. Effective cooperation on a multilateral basis must be the principal direction of construction of the "common European home" in the economic sphere. A unified pan-European base for environmental protection and industrial activity is required. It will be difficult to build the "common European home" without such a base.

New forms of industrial cooperation

To date, simple foreign trade continues to play the decisive role in East-West economic relations. But deliveries relating to industrial cooperation account for only 7-10 percent of trade, including approximately 2-3 percent in the form of reciprocal trade in the output of joint ventures. This structure is substantially different from the interrelations between the developed industrial countries where cooperative deliveries exceed one-third

of the value of trade turnover. New forms of interrelations should also be sought within the framework of pan-European cooperation.

Many West German researchers, businessmen, and some government representatives see the basic solution of the problem to lie in the introduction of new forms of international division of labor on the continent. Professor U. Donges, for example, believes that the greatest promise may lie in the transition from interindustrial to intraindustrial cooperation. Rich opportunities are presented not only by the use of Western technology and equipment but also by the joint industrial exploitation of Soviet scientific advances. L. Spath, for example, has observed that it would be naive to underestimate the attainments of East European countries in the development of new technology.¹⁸ A group of FRG specialists reached the same conclusion after visiting motor building plants in Voronezh and Zaporozhye.¹⁹

Managers of West German companies that occupy leading positions in the world production of high-tech products believe that socialist countries have great reserves for mutually advantageous cooperation. Thus, in W. Buscher's opinion, cooperation with CEMA countries in the area of software is of unquestionable interest because specialists [in CEMA countries] are working at a high mathematical level with relatively low production costs while software development in the FRG is insufficient and too costly.²⁰ One-seventh of the joint ventures created in the USSR with the participation of Western firms are specifically engaged in software development. Many of the people I talked with considered industrial cooperation to be the most effective and possibly the key method for the intensification and restructuring of the entire system of East-West economic relations. But the importance of other forms of cooperation must not be underestimated. Professor M. Schmitt identified three basic levels of economic relations: foreign trade, industrial cooperation, and joint ventures. Each component of this pyramid performs its own functions and corresponds to the existing level of interrelations. Industrial cooperation occupies a key position because it paves the way for the proper transition from simple commodity exchange to joint production.

W. Bergman states that even in the Western business world, joint ventures are regarded as one of the most complex types of cooperation. They presuppose total mutual trust and as a rule originate on the basis of other forms of economic relations between the partners. Despite the considerable degree of successful cooperation between West German businessmen and Soviet organizations, joint production has not yet become a common phenomenon. The degree to which the Soviet internal market will be open to the products of joint ventures continues to be the central problem.

In A. Leban's opinion, joint ventures are truly the measure of successful cooperation. A relatively small number of companies in West German industry are

becoming actively involved in "new business." Medium-size and small firms are pioneering the development of this sphere. Large firms, however, continue to occupy a wait-and-see position.

In the initial stages of joint ventures in the Soviet Union, the greatest dissatisfaction of Western partners is evoked by currency problems (the possibility of transferring the profits of the mother company) and by the problem of participation in joint-stock capital and in the management of production activity.²¹

Nevertheless, the practical experience of joint ventures shows that many problems are successfully resolved on the basis of compromise and mutual profit. Moreover, supplements adopted in September 1987 to laws governing the activity of joint ventures on Soviet soil have been instrumental in the creation of more flexible and favorable currency and tax conditions for Western partners.

It is considerably more difficult to resolve questions relating to the formation of a more favorable infrastructure for joint ventures. According to existing estimates, more than half of all internal trade is to be converted to wholesale trade by 1990. While this will create conditions for the independent sale of products, the regular supplying of this production will for a long time depend predominantly on factors that are not related to the market.²² While all these difficulties slacken the tempo of the formation of mixed companies, they cannot prevent the development of the process.

An agreement by a consortium of West German banks (headed by Deutsche Bank) to extend three billion marks in credit for the modernization of Soviet food and light industry enterprises is the most significant event in the area of financial cooperation. This is the first "general credit agreement." Credit was previously granted only for a specific project. Under this agreement, the great majority of contracts will be distributed among 200 small and medium-size West German firms that will participate in the modernization of 300 Soviet enterprises. This will give small and medium-level business the additional opportunity to enter the Soviet internal market directly.

West German machine building, which in 1987 surrendered its leading position in the Soviet market to Finnish and Italian firms, is very interested in this large-scale financial and industrial project. In 1987, the share of these firms in Soviet machine imports was 4.3 and 4 percent respectively, while the share of the FRG dropped to 3.5 percent compared with 7.8 percent in 1983.

New forms of interaction are also assumed. A. Leban believes that with well-founded and properly conceived credit relations, USSR-FRG economic cooperation in the '90's may enter a "definite boom phase." He proposes the commencement of currency credit for individual Soviet enterprises that have been granted the right to enter foreign markets independently (while Soviet banks retain their oversight functions). It will then be

possible to determine the economic effectiveness of the use of credit more effectively. This is especially important in all stages of preparation of joint ventures involving Western partners.²³

There will be new forms of industrial cooperation: consortiums for the integrated branch development of individual regions (Kola Peninsula, West Siberia). The Western partner will not only put a complex of enterprises into operation but will also assume responsibility for bringing its production activity to the level of profitability. Management will then be transferred to the Soviet partner (such consortiums are sometimes called "joint ventures for a specified term"). It is assumed that the Western partners' investment will be compensated by deliveries of products. The reference is in particular to rare metals from the Kola Peninsula and intermediate products for big chemistry from West Siberia.

In a talk with Dr. K. Zimmerer, manager and principal owner of Interfinanz—an influential West German consulting firm—in the middle of October 1988, we attempted to determine the system of priorities in making economic relations between our countries more active. He assigned first place to large-scale cooperation in the traditional branches where there is a history of mutually advantageous cooperation and an urgent need for fruitful interaction.

The Soviet side is interested in satisfying the population's consumer demands and in finding stable sources for replenishing its currency reserves. The West German side has the opportunity to strengthen the competitiveness of medium-scale and small business in the traditional branches by lowering production costs and finding new markets. Practice itself suggest basic forms for realizing the process—from credit-finance interrelations through industrial cooperation and joint production on the territory of both countries.

The second priority: effective cooperation in technologically progressive branches. However such a new quality of relations must be prepared by interaction in the traditional branches.

The general prospects for economic cooperation on the European continent are once again favorable. Dr. K.-C. Finck, a leading West German expert and an associate of the Eastern Committee of German Industry, believes: "An extraordinary boom in this area should be expected in the '90's."²⁴ The fact that socialist countries have begun creating a new economic mechanism is the basis for such a forecast.²⁵

The old methods of economic regulation proved to be ineffective for adapting new technology imported from the West, for making structural changes in accordance with the demands of scientific-technical progress and the world market. The East-West economic situation will change for the better, Dr. Ya. Stankovski said in a conversation with me, depending on the tempo and

success of the introduction of the new economic mechanism in socialist countries. Success in economic cooperation can move the construction of the "common European home" forward.

Footnotes

1. M. Schmitt, "Die Ostgesellschaft von Morgen. Neue Perspektiven und Chancen," Baden-Baden, 1988, p 100.
 2. See "Freiheit-Sicherheit—Zusammenarbeit. Aussenpolitischer Kongress der CDU. 14 IV 1988," pp 15-17.
 3. "Systemöffnende Kooperation? Perspektiven zwischen Ost und West," Hamburg (Bergedorf), 1988, p 30.
 4. Ibid., p 37.
 5. Ibid., p 58.
 6. M. Schmitt, Op. cit., p 52.
 7. "Systemöffnende Kooperation?," p 38.
 8. M. S. Gorbachev, "Perestroyka i novoye myshleniye dlya nashey strany i dlya vsego mira" [Perestroyka and the New Thinking for Our Country and For the Entire World], Moscow, 1987, p 207.
 9. H. Adomeit, "Gorbacevs Westpolitik. 'Gemeinsames Europäisches Haus' oder atlantische Orientierung," Ebenhausen, 1988, pp 40-42.
 10. "Freiheit—Sicherheit—Zusammenarbeit," pp 5-6.
 11. MANAGER MAGAZIN, No 4, 1988, p 200.
 12. M. Schmitt, Op. cit., pp 124-125.
 13. Ibid., pp 7-8.
 14. ME I MO, No 7, 1988, p 39.
 15. "Systemöffnende Kooperation?," p 27.
 16. FRANKFURTER ALLGEMEINE ZEITUNG, 5 May 1988.
 17. See M. Schmitt, Op. cit., S 111.
 18. "Freiheit—Sicherheit—Zusammenarbeit," p 11.
 19. "MMI," No 8, 1988, p 76.
 20. "Systemöffnende Kooperation?," p 55.
 21. For more detail, see MI I MO, No 10, 1987, pp 75-83.
 22. See KOMMUNIST, No 12, 1988, p 46.
 23. "Systemöffnende Kooperation?," p 43.
 24. DER SPIEGEL, No 42, 1988, p 137.
 25. FRANKFURTER ALLGEMEINE ZEITUNG, 19 October 1988.
- COPYRIGHT: Izdatelstvo TsK KPSS "Pravda", "Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1989.

THE OPINION OF A JAPANESE SCIENTIST

Japanese Scholar's Recommendations To Increase Bilateral Trade

18160016q

[Editorial report] Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7, July 1989 publishes on pages 91-96 a 4,300-word article by Kadzuo Ogawa under the rubric "The Opinion of a Japanese Scientist": "Pacific Interdependence and Soviet-Japanese Trade and Economic Cooperation." The journal identifies Ogawa as former head of the Japanese Association for Trade with the Soviet Union and Eastern Europe, now deputy director of the association's research institute, and as "an authoritative Japanese researcher and specialist in East-West foreign economic relations and in Soviet-Japanese cooperation." It states that his work offers "reasoned practical recommendations to improve trade and economic relations between our countries... which may seem somewhat controversial."

Ogawa begins by stressing the growing importance of the Asia-Pacific region, and of its increasing economic integration, in the world economy. He notes that some Soviet observers have seen Japanese hopes to create an "Asia-Pacific economic community" as a form of "economic imperialism," but applauds the Gorbachev regime's apparent rejection of this line of thought. He stresses that Soviet hopes to become a "full-fledged Pacific power" depend on its full participation in the region's economy. He also notes Soviet recognition of the importance of foreign, especially Japanese, help for the economic development of the Soviet Far East and Siberia. He therefore highlights the importance of bilateral Soviet-Japanese economic relations for the Soviet Union's emergence into the larger Asia-Pacific economy. He also urges the development of multilateral cooperation involving China and North Korea.

Ogawa recalls successful Soviet-Japanese joint projects, such as the South Yakutia coal project and forestry projects. He notes that these proceeded without the long-term contracts favored by the Soviets, which he says are in any case insufficiently "flexible" for today's world economy. Despite these past successes, he warns that today the "enthusiasm" of Japanese companies for Soviet trade is "weak." This is due to the weak world market for energy and raw materials, to decreased Japanese demand for forest products (which are the Soviet Union's main export to Japan), and to "noneconomic" constraints due to the Soviet intervention in Afghanistan.

Ogawa urges the Soviet Union to take several specific steps to attract Japanese business and investment: opening Vladivostok to commercial shipping and air travel, expanding and modernizing the Vladivostok airport, building a good highway between Vladivostok and Nakhodka, creating special economic zones and "resort

zones" in the Sea of Japan coastal area, making major improvements in the Soviet tourist "infrastructure" of hotels and other facilities, and granting Soviet Far Eastern regional authorities "an autonomous policy in relation to import-export deals." He says such steps will lead to new "large-scale joint projects," but warns that their traditional interest in such projects must not lead the Soviets to neglect smaller ones. In Ogawa's opinion, the "most promising" areas for cooperation are forestry, processing of forest products, and fish processing, followed by agriculture and tourism.

In conclusion, Ogawa foresees multilateral cooperation in developing the Soviet Far East, in which Japan will supply long-term credits and industrial equipment, China will supply labor, and the Soviet Union in return will guarantee the other two countries supplies of forest products "on a long-term stable basis."

"WORLD ECONOMY AND INTERNATIONAL RELATIONS" QUARTERLY REVIEW

Current Status of CFE Talks

Reducing Armed Forces and Conventional Arms in Europe

18160015 Moscow MIROVAYA EKONOMIKA I
MEZHDUNARODNYYE OTNOSHENIYA
No 7, Jul 89 pp 101-112

[Article by Aleksey Georgiyevich Arbatov, doctor of historical sciences and department head at the USSR Academy of Sciences World Economics and International Relations Institute (IMEMO), Nikolay Sergeyevich Kishilov, candidate of historical sciences and section head at the IMEMO, and Oleg Azizovich Amirov, candidate of economic sciences and senior scientific associate at the IMEMO: "Reducing Armed Forces and Conventional Arms in Europe"]

[Text]

The Vienna Negotiations

The completion in January 1989 of the Vienna meeting of member states of the Conference on Security and Cooperation in Europe [CSCE] and the start in March in Vienna of the negotiations on conventional forces in Europe [CFE] may become the reference point of a fundamentally new stage in the development of a European-wide process.

At first glance, an unusual situation has taken shape: after almost 15 years of "marking time" at the Vienna

negotiations on mutual reduction of armed forces and conventional arms in Central Europe, the members of the two largest military-political alliances have undertaken to carry out a task immeasurably broader in scale and more complex—to reduce the levels of conventional armed forces in all of Europe and eliminate the existing inequalities and potentials for making a surprise attack and beginning large-scale offensive actions.

The spectrum of assessments of the prospects for solving this most important problem is sufficiently broad, but optimistic tones prevail in all of them. Unquestionably, a chief factor in this has been the new political thinking of the East, which is finding the understanding of the public and ruling circles of a number of leading countries in the West. Today it can be said that important processes of a positive nature have emerged and are developing in the European region, and the prerequisites for building through joint efforts a "common European home," peace, and cooperation are growing stronger. The speech by M.S. Gorbachev at the UN on 7 December 1988 played a decisive role in the concluding stage of the Vienna meeting. His announced initiative about a unilateral reduction of our armed forces and conventional arms was supported by the other Warsaw Pact states. The approval by consensus of the mandate of the CFE Talks was yet another confirmation of the centripetal processes gaining strength here. And although it took 27 months to draft the final document, instead of the 9 initially planned, this time was not wasted:

- experience of positive interaction was gained and mutual trust was strengthened, which is a most important prerequisite for success of the talks themselves;
- the need to move from unidimensional propaganda notions about security to an awareness of the integrity and internal interrelationships of all components of this key concept of new political thinking has been realized;
- as a result of 2 years of consultations of the "23," compromises have been found for answers to questions, resolution of which during the course of the negotiations themselves could have not only complicated and dragged them out but also placed in doubt at the very beginning the possibility of reaching an appropriate agreement. In essence, in the depth of study of the issues, the consultations of the representatives of NATO and the Warsaw Pact can be equated to the first stage of negotiations.

The CFE Talks will be conducted within the framework of the CSCE process. Hence it is understandable that the Final Document of the Vienna meeting of representatives of the participating states of the all-European process, adopted by consensus, is a carefully checked balance of interests of all 35 countries. This conclusion pertains to an even greater extent to the mandate of the negotiations having a direct relationship to the physical security of the European states. If you add two more things to the consensus factor—a most complicated

agenda encompassing virtually all spheres of international relations; capitalist and socialist, non-aligned and neutral, bloc and non-bloc, large and small states—the drawn out nature of the meeting of the CSCE member countries in Vienna becomes explainable to a certain extent.

Starting Positions of the Parties

At the first session of negotiations of the 23 states on conventional armed forces in Europe (Vienna, March 1989), official proposals were introduced on behalf of the Warsaw Pact and the NATO countries.

In their initial proposals, the Warsaw pact countries proceeded from a three-phase plan of reductions of conventional armed forces in Europe for the purpose of strengthening stability and security by means of deep cuts in conventional armed forces and thus establishing a balance at lower levels at which both military alliances would have only the forces and weapons necessary for defense and not sufficient for carrying out a surprise attack and conducting offensive operations. In the first phase (1991-1994), it was proposed to eliminate imbalances and asymmetries and reach equal collective ceilings which would be 10-15 percent below the lesser levels the sides have both with respect to troop strength and for the most destabilizing categories of arms: frontal (tactical) aviation strike aircraft; tanks; combat helicopters; armored combat vehicles and armored personnel carriers; artillery, including multiple rocket launcher systems (MRLS) and mortars. Specific quantitative limits were not indicated in these proposals, but it was stipulated that the ceilings would be agreed upon by the participating states in absolute numbers during the course of the negotiations.

As one of the measures for preventing a surprise attack, it was proposed to create, beginning with the first phase, zones of reduced armament levels along the line of contact between NATO and the Warsaw Pact, from which the most destabilizing types of conventional arms would be withdrawn, reduced, or limited, and restrictions on military activities would also be introduced (the scale and number of simultaneous exercises, their duration and frequency, limits on troop movements, and so forth). The depth of such zones (in Central Europe and in other European regions) could be agreed upon taking into account geostrategic factors and the specifications and performance characteristics of the main types of arms.

The proposals of the Warsaw Pact countries also envisioned that a reduction in armed forces could be accomplished by disbanding the troops being reduced in place or by withdrawing them from the territory of another state and subsequent disbanding. The arms and equipment being reduced would be eliminated at specially assigned places or transferred for use in the civilian sector. Part of the arms and equipment could be temporarily stored under international monitoring.

In the second phase (1994-1997), taking into account the achievement of equal, identical ceilings as a result of the first phase of reductions, the Warsaw Pact and NATO armed forces would be reduced on an equal percentage basis by approximately 25 percent (roughly 500,000 troops) with their organic weapons. In addition to a further significant lowering in the levels of the most destabilizing types of arms, steps would be taken to reduce other categories of arms which were not covered by the cuts in the first phase. In addition, it was assumed that the participating states would take further steps to restructure their armed forces on the basis of defense sufficiency and also take coordinated steps to develop predictability and openness in day-to-day military activities and reduce their level.

In the third phase (1997-2000), further reductions would be made in the armed forces and conventional arms of both military-political alliances, and they would be given a strictly defensive nature. It was assumed that agreements would be reached on maximum ceilings for all other types and categories of arms, and also an agreement on principles of military organizational development.

The Warsaw Pact proposals devote much attention to questions of verification. The sides could agree on the exchange of data concerning personnel strength, numbers of conventional arms, and disposition of military units, and on verification of the data, including on-site inspections. They also call for creating a comprehensive, effective system for monitoring fulfillment of the agreements, including ground and air inspections without right of refusal. Besides this, "entry-exit" control points would be set up along and inside the zones of reduced armament levels as well as in the area of the reduction (at railroad stations and centers, at ports). Technical means such as satellites, aircraft, helicopters, and automatic recording systems could be used for the purpose of monitoring. As a result, the process of reduction, elimination, and storage of arms, disbanding of formations and units, armed forces and weapons strength levels, and also the activities of troops remaining after the cuts would be monitored.

The NATO proposals stated that the goals of these negotiations is to establish a safe and stable balance of conventional forces at lower levels, eliminate inequalities, and eliminate as a first priority the potential for making a first strike and for initiating large-scale offensive actions. Proceeding from these goals, the NATO countries' proposals talked about a radical reduction of three types of weapons possessing high mobility and fire power and playing, in their opinion, a central role in seizing and holding territory—tanks, artillery, and armored troop vehicles. They proposed using the following "rules" and methods to establish reduction zones and also interrelated collective and national levels and sublevels.

The total number of arms of the two military-political alliances after the reduction in Europe should not exceed

40,000 tanks, 33,000 artillery pieces, and 56,000 armored troop vehicles each (Rule 1—"Common Maximum Level"). All space from the Atlantic to the Urals would be broken down into four zones, with collective "sublevels" of arms established in each. The size of the "sublevels" (Rule 4—"Sublevels") decreases to a certain limit as the zones themselves decrease—from the first zone, including the territory of all 23 European states in accordance with the mandate of the negotiations, do the fourth zone, coinciding with the zone of the Vienna negotiations held earlier on the mutual reduction of armed forces and arms in Central Europe (on the NATO side—the FRG and the Benelux countries; on the Warsaw Pact side—the GDR, Czechoslovakia, and Poland). Whereas in the first, outer zone limits are placed on the amount of all arms the sides have, in the three subsequent zones the limits are only on arms in combat-ready units.

Besides the collective "sublevels" in the zone, it was proposed to introduce comprehensive national levels which should not exceed 30 percent of the maximum amount of arms of both sides (Rule 2—"Sufficiency"). Another restriction directed against increasing the level of arms in combat-ready units of any state beyond the borders of national territories is the proposed limiting "level" for the number of tanks, artillery, and armored troop vehicles—3,200, 1,700, and 6,000, respectively (Rule 3—"Forces Stationed Beyond National Territory Boundaries").

Considerable attention in NATO's proposal was also given to verification. It called for annually providing notification about the existence of tanks, armored troop vehicles, and artillery pieces, with a breakdown to the battalion level inclusively with the right to conduct on-site inspections, and also other measures designed to ensure confidence and observation of the agreed provisions.

As is apparent from the above, in addition to the existing differences between the Warsaw Pact and NATO positions, the following similar aspects can be seen:

- the sides gave priority to the immediate reduction of those types and categories of arms which, in their estimation, comprise the potential for surprise attack and for conducting wide-scale offensive actions;
- there was a mutual understanding with respect to the need to reduce arms to equal "ceilings" which would be lower than the existing levels of the sides (the Warsaw Pact proposals indicated these levels as percentages; the NATO proposals expressed them in specific numbers);
- there was some agreement on the levels of the proposed reductions; the Warsaw Pact proposed that all arms be reduced by 10-15 percent below lesser levels; NATO proposed (recalculated according to their data), based also on lesser levels, a reduction by 10 percent for tanks, 5 percent for artillery, and 41 percent for armored troop vehicles;

—the sides views regarding strict international verification, including on-site inspections without right of refusal, were also basically in harmony.

In addition to the noted similarities in the Warsaw Pact and NATO positions, there were also substantial differences. The Warsaw Pact countries, as was noted above, proposed large reductions in armed forces personnel and five types and categories of arms, including helicopters and frontal (tactical) aviation strike aircraft in view of their high effectiveness in conducting offensive operations. In the NATO proposals, armed forces personnel strength, tactical aviation aircraft, and combat helicopters were removed from the list of cuts at that stage, although, as is known, a number of experts, for example, note the traditionally high role of aviation compared with other types of conventional arms.

Definitions of such concepts as "frontal (tactical) aviation strike aircraft," "tank" or "main battle tank," "armored fighting vehicle and armored personnel carrier" or "armored troop vehicle," and "artillery" were also not agreed upon (what each means specifically, what "artillery" includes, what kind of systems, what caliber, etc.). The lack of a common understanding and agreed upon definitions for each type and category of arms, including a list of specific systems belonging to each of them, leads to great differences in the starting data of the sides and prevents a standardized exchange of data.

The NATO principle of decreasing zones and sublevels (it can arbitrarily be called the "turnstile principle," that is, passing in one direction) makes it possible to lower the levels of arms in combat-ready units of the Central European area of confrontation for tanks, artillery, and armored vehicles to 40, 27, and 39 percent, respectively. But this concentration can increase considerably by means of depot reserves, which are not counted, as is apparent from the NATO proposals, in the fourth internal zone (by the same token, in the second and third zones). In addition, the NATO countries do not specify in their proposals what they mean by the term "combat-ready divisions." Judging by a pamphlet published by them in November 1988, "Conventional Armed Forces and Arms in Europe: Factual Data," in comparison with the levels and sublevels being proposed at the talks, they include divisions of all three categories (A, B, and C) as Warsaw Pact combat-ready divisions, which contradicts the actual state of affairs.

A number of critical remarks were also directed at the Warsaw Pact's conceptual approach. In particular, it was noted that although the mandate of the negotiations of the "23," agreed upon in Vienna, contains the principle of regional differentiation, the socialist countries' proposals did not specify either regions or sublevels of reductions. Thus, in the first phase it was proposed to reduce the armed forces and conventional arms of the participating states to equal collective ceilings, which would be 10-15 percent below the lesser level of either side, but made no mention of the areas of the reductions, whether the armed forces and arms would be reduced

throughout the European region—from the Atlantic to the Urals—or whether this meant a more limited area. In this case, the question arose: The armed forces and arms of specifically which countries in the East and West would be subject to the reductions? The methods of the reductions themselves are also unclear: Will the armed forces and arms be reduced "by the piece," so to speak, for all five categories (which would be virtually impossible to verify), or would the agreed quantitative ceilings be reached by withdrawing and disbanding (or relocating) the earlier specified units and formations with their armaments?

The armed forces of the two opposing military alliances, as is known, differ from one another considerably in their composition, structure, and armaments. It most likely will not be possible to eliminate existing asymmetries even after implementation of the first phase of reductions and achieving equal collective ceilings. Asymmetries in the organizational structure, composition, armaments, and disposition of the armed forces of NATO and the Warsaw Pact apparently will also remain in the second and third phases. Therefore, the Warsaw Pact's conceptual scheme of a 25-percent cut in the armed forces of both sides in the second phase (roughly 500,000 men) and their organic armament, as was noted, did not ease this already extremely complex problem. Apparently, both the maximum levels of armed forces and the specific quantitative indicators of armaments should have been defined more specifically.

At a meeting in the Kremlin on 11 May, M.S. Gorbachev informed visiting U.S. Secretary of State J. Baker about additional proposals which the Soviet Union would make to the Vienna CFE Talks. In particular, he called for an agreement on a more substantial reduction of NATO and Warsaw Pact arms and armed forces in Europe by 1996-1997:

—by 1996-1997, each military alliance would have 1.35 million personnel, 1,500 frontal (tactical) aviation combat strike aircraft, 1,700 combat helicopters, 20,000 tanks, 24,000 artillery pieces, mortars, and MRLS systems, and 28,000 infantry fighting vehicles and armored personnel carriers;

—the Warsaw Pact would reduce tanks by 40,000 (70 percent), artillery and mortars by roughly 46,000, and infantry fighting vehicles and armored personnel carriers by approximately 42,000; NATO would reduce these types of weapons in a lesser amount because NATO now has fewer than the Warsaw Pact. In turn, NATO would cut combat aircraft and helicopters by 2,500. The Warsaw Pact would also reduce these weapons, but in lesser amounts, since it has fewer.

M.S. Gorbachev also informed J. Baker about the Soviet Union's unilateral decision to withdraw 500 tactical nuclear weapons (166—aviation, 50—artillery, and 284—missiles) from the territory of its allies to its own territory in 1989. Between 1989 and 1991, as was stated,

the USSR is generally willing to withdraw all nuclear munitions from the territory of its allies, provided the U.S. does the same.

On 18 May 1989, at the CFE Talks in Vienna, a working document was submitted on behalf of the Warsaw Pact states based on the proposals M.S. Gorbachev outlined in the conversation with J. Baker. In accordance with them, equal collective levels were determined for each alliance for personnel strength, combat strike aircraft, combat helicopters, tanks, artillery, infantry fighting vehicles and armored personnel carriers. The Warsaw Pact states believe that reductions to these levels should be made in phases for all six categories over the course of 5-6 years after reaching an agreement. Their approach also assumes that the reductions would be made simultaneously in the entire region from the Atlantic to the Urals, taking into account the regional differences and thus not harming the security of any of the participants and none of the European countries in general.

At the regularly scheduled session in May, representatives of the socialist states submitted new working documents to develop their positions:

- on the levels of limits of conventional armed forces and arms of NATO and the Warsaw Pact located beyond the boundaries of national territories in Europe, including arms in combat-ready units as well as in depots (not more than 350,000 personnel, 4,500 tanks, 4,000 artillery pieces and mortars, 7,500 infantry fighting vehicles and armored personnel carriers, 350 combat strike aircraft, and 600 combat helicopters);
- on establishing a maximum level of national armed forces and arms of any NATO or Warsaw Pact country, not to exceed 35-40 percent of the overall total level for both alliances. Total limits were specifically proposed at 920,000 personnel, 14,000 tanks, 17,000 artillery pieces, 18,000 infantry fighting vehicles and armored personnel carriers, 1,200 strike aircraft, and 1,350 helicopters.

NATO's position was also developed further. At a NATO council session in late May, it was officially announced that U.S. President G. Bush had made new proposals which were being relayed immediately to Vienna and which he asked all U.S. allies to endorse. The main content of these proposals boils down to the following:

- to establish for NATO and the Warsaw Pact limits (for each side) of 20,000 for tanks, 28,000 for armored personnel carriers, and from 16,500 to 24,000 for artillery (including mortars and MRLS systems) depending on the determination of their caliber;
- to extend the concept of reducing conventional arms to land-based combat aircraft and helicopters in the area from the Atlantic to the Urals; each side should reduce them to a level 15 percent below the existing level in NATO; all those reduced should be destroyed;
- the U.S. is making a 20-percent cut in personnel of its combat-ready units in Western Europe, simultaneously with establishing for American and Soviet ground and air forces stationed outside national territories an approximate level of 275,000 personnel on each side; the servicemen cut should be demobilized;
- to establish earlier deadlines for concluding a treaty on reducing conventional arms and armed forces, namely to reach an agreement within 6 months to 1 year and complete the reductions by 1992 or 1993.

At the 30 May 1989 session of the CFE Talks, the head of the GDR delegation submitted on behalf of the socialist countries a working document on the levels of conventional arms in Central Europe, which includes Hungary, the GDR, Poland, and Czechoslovakia from the Warsaw Pact and the FRG, Belgium, the Netherlands, Luxembourg, and Denmark from NATO; equal maximum levels would be established for each military-political alliance here, which would not exceed 570,000 personnel, 420 frontal (tactical) aviation strike aircraft, 800 combat helicopters, 8,700 tanks, 7,600 artillery pieces, and 14,500 armored fighting vehicles.

Thus, taking into account the documents submitted earlier by the Warsaw Pact and NATO delegations, the positions of the sides have become considerably close for the levels of reducing conventional armed forces and arms of the Warsaw Pact and NATO in Europe (see table). The total levels proposed by the U.S. for each alliance in the zone from the Atlantic to the Urals coincide completely with the corresponding indices contained in the Warsaw Pact working documents for tanks (20,000), artillery (24,000), and armored fighting vehicles (28,000). The positions of the sides have also come closer together on the total levels of arms in Central Europe.

Warsaw Pact and NATO Proposals at the Negotiations (as of 30 May 89)

Indices for Conventional Armed Forces	Maximum Levels for Each Alliance					
	Warsaw Pact ¹			NATO ²		
	total for alliance	for conventional armed forces outside national territory	for national conventional armed forces ^{3,4}	total for alliance	for conventional armed forces outside national territory	for national conventional armed forces ³
Europe from the Atlantic to the Urals						
conventional armed forces	1,350,000	350,000	920,000	-	275,000 ¹³	-
frontal (tactical) combat strike aircraft	1,500	350	1,200	3,830 ^{5,15} (4,550) ⁶	-	-
combat helicopters	1,700	600	1,350	2,200 ⁵ (2,370) ⁶	-	-
tanks	20,000	4,500	14,000	20,000 ⁷	3,200 ^{7,10}	12,000
artillery (guns, mortars, MRLS ¹⁴)	24,000	4,000	17,000	16,500 ⁹ 24,000 ⁸	1,700 ¹²	10,000
infantry fighting vehicles and armored personnel carriers	28,000	7,500	18,000	28,000 ⁹	6,000 ⁹	16,800 ⁹
Central Europe (FRG, Poland, Czechoslovakia, Hungary, FRG, Belgium, Netherlands, Luxembourg, Denmark) ¹¹						
conventional armed forces	570,000	-	-	-	-	-
frontal (tactical) aviation combat strike aircraft	420	-	-	-	-	-
combat helicopters	800	-	-	-	-	-
tanks	8,700	-	-	8,000	-	-
artillery	7,600	-	-	4,500	-	-
armored fighting vehicles	14,500	-	-	11,000	-	-

1. Phased reduction over 5-6 years after reaching agreements in the entire zone from the Atlantic to the Urals to the indicated maximum levels; 2. Agreement should be reached within 6-12 months and reductions completed by 1992-1993; 3. For any country, including armaments in combat units and at depots; 4. Not more than 35-40 percent of overall total level for both alliances, specific limits were proposed by the Warsaw Pact; 5. Compiled and calculated according to Warsaw Pact data (reduction by 15 percent below the level of the lesser side); 6. Main battle tanks; 7. Depending on caliber of guns and mortars; 8. Armored troop vehicles; 9. In combat-ready units beyond national territory; 10. Hungary and Denmark are not included in this zone in NATO proposals; 11. Taking into account NATO proposals—for artillery above 100mm caliber; 12. For USSR and U.S.; 13. Multiple rocket launcher systems; 14. Tactical aviation aircraft are subject to reduction in NATO proposal.

The remaining differences are associated primarily with the sides' different approaches to the levels of armed forces personnel. The limits under the American proposal call for a level of approximately 275,000 personnel in Europe for just the USSR and U.S. armed forces abroad. The cuts under the socialist countries' proposal would affect the armed forces of all Warsaw Pact and NATO countries in Central Europe to overall total ceilings for each side at 570,000 personnel and not more than 350,000 beyond national boundaries in Europe. Adoption of the proposal of the Western countries (all NATO countries supported the American proposal) would mean excluding from the balance of NATO forces other states' troops located beyond national territories—Great Britain, France, Belgium, and Canada—stationed in the FRG (approximately 100,000 personnel). It seems it is necessary at the multilateral negotiations to discuss a comprehensive approach which would call for deep cuts and limits of the sides' troops, with all 23 states participating to some extent in simultaneously establishing a special ceiling for troops located on territory of allies.

There are serious differences in the sides' approaches to cutting combat aircraft and helicopters. The NATO countries propose cutting land-based aviation, including strike aviation aircraft and air defense fighter-interceptors into a single package. The Warsaw Pact countries propose cutting frontal (tactical) aviation strike combat aircraft first of all. As a result of this, and also in connection with the lack of common starting data in the proposed levels, large discrepancies are seen (approximately 2,300-3,000 aircraft).

Resolving the question of combat aircraft (by the same token, coordinating the reduction parameters for all other components) will require a detailed study on an expert basis of the corresponding definitions of reduction criteria, calculating methods, coordinating starting data, and so forth. At the same time, "the stated positions of the sides provide an opportunity to work seriously and count on rapid progress," as USSR Minister of Foreign Affairs E.A. Shevardnadze noted. "We will help this in every way."

On the whole, representatives of both the East and the West speak unanimously about the exceptional importance of the negotiations of the 23 states taking place in Vienna. At the same time, it is noted that such a complex and multifaceted problem as radically cutting armed forces and conventional arms in Europe while constantly improving defensive and offensive weapons will require a comprehensive, all-embracing approach of both sides, various elements of which would supplement one another.

On Approaches to Solving the Problem

The main problem of the CFE Talks which began in Vienna in the spring of 1989 is how to change the existing Warsaw Pact-NATO military balance in Europe in quantitative, structural, and spatial parameters in order to fulfill the Vienna mandate: to eliminate inequalities and potential for a surprise attack and the initiation of large-scale offensive actions.

An analysis of this extremely complex, extensive problem can help discover certain logical interrelations in working out one or another approach. Thus, radical steps to decrease military confrontation on the continent are inseparably linked to the problem of significantly reducing conventional arms, ground forces, and tactical strike aviation. Deep cuts in arms, ground forces, and tactical strike aviation would help to decrease the possibility and probability of an attack using conventional weapons. Reducing and restructuring just ground forces to carry out defensive strategic missions, with one side maintaining a superiority in offensive air forces, would help give that side an overall superiority and destabilize the military balance.

In other words, reducing conventional arms and ground forces, from the standpoint of strategic and operational logic, unquestionably must be organically linked to a reduction of aviation, especially tactical strike aviation. But the problem itself of reducing aviation contains considerable internal complexities. Questions arise, for example, as to what ratio to make the aviation cuts with respect to reducing the number of ground forces and arms, how to determine the geographic areas of the cuts (center, southern and northern flanks), how to preclude (impede or reliably monitor) the possibility of a rapid transfer, in corresponding time parameters, of aviation to this region from other theaters during a crisis situation, and, finally, how to distinguish between the same type of aircraft which are in the air forces and air defense, as well as in land-based naval aviation. You see, despite the proposals by the Warsaw Pact countries, naval forces were excluded from the mandate of the current negotiations.

A number of fundamental considerations must be taken into account when working out geographic boundaries, subzones, and methods of making the reductions. If one of the sides has the intention of preserving for itself the capability of making a wide-scale attack on the other

using armed forces and conventional arms, any negotiations on significantly reducing them in accordance with the goals of the Vienna mandate would be knowingly doomed to failure. The basis of the CFE Talks is the lack of such military-political intentions and plans by either the West or the East. But the lack of aggressive intentions in and of itself does not mean that a military conflict in Europe is absolutely impossible and that any reductions can be arbitrarily advanced and carried out.

The interconnection of restructuring the armed potentials of both alliances and reducing them is primarily that restructuring must be done mainly by reducing their offensive elements without increasing the defensive ones. Otherwise, an increase in the "defensive" capabilities of one side may appear quite threatening for the other (for example, such as weapons systems for implementing the AirLand Battle, Follow-On Forces Attack, and other concepts), which would evoke a reciprocal reaction and lead to destabilizing the balance, not to mention the enormous economic costs. Increasing "defense" by unilateral measures, such as in the sphere of strategic arms, can undermine the total, overall stability. Negotiations open a more reliable path to this goal.

On the technical level—in the sphere of conventional arms in contrast to strategic nuclear arms—resolving this problem is made more complicated by the fact that, besides quantitative indices, an important role is played by the structure of large units and formations; their disposition, mobility, and possibilities for reinforcement; qualitative characteristics of weapons systems; cooperation between branches of service and combat arms; logistic support; and many other non-quantitative factors (effectiveness and stability of command and control, communications, and intelligence; troop training; morale; command skills in choosing the proper strategy and tactics; and so forth). Of course, an enormous role is also played by which side it is that makes the first strike and how, how great the degree of surprise is, and how much the aggressor surpasses in carrying out mobilization measures, relocating, and moving to forward lines.

On the tactical and operational levels (on the divisional, corps, and army scale), the complexity of the problem becomes even greater due to the fact that defense strategy includes not only purely defensive but also clearly expressed offensive operations and combat actions. In connection with the high degree of mobility and fire power of modern armed forces, both NATO and the Warsaw Pact place primary emphasis in military planning on the concept of a mobile and not a positional defense. That is to say, the defense of ground forces includes principles of meeting engagement, flank attacks against an attacking enemy, and active counteroffensive operations against an aggressor's forces that have penetrated (and possibly even consolidated on captured lines). As far as tactical (frontal) aviation is concerned, its actions such as air support of ground forces, making strikes against enemy airfields, second echelons and the

rear infrastructure, and lines of communication, and winning air superiority are difficult to differentiate in a defensive or an offensive by armed forces as a whole.

Finally, on the strategic level (within the framework of theaters of military operations and a theater of war), the main issues for the defending side are how far is it permissible to retreat, how soon is it necessary to go over to the counteroffensive, and, finally, what to do after the aggressor has been driven from captured territory: stop and wait until he regroups his forces, draws up reserves, and makes another, possibly more effective attack, or develop the counteroffensive deep into the enemy's territory until he is completely routed or until reaching agreement on ceasing military operations on possibly more favorable conditions for one's own side. The experience of World War II and local conflicts during the postwar period prompts choosing the second path. But it assumes creating in advance and maintaining a military potential which the other side is most likely to perceive and assess as a potential for an attack and lengthy, wide-scale offensive actions. If the other side does not prepare for the attack, it will inevitably consider such a defensive potential to be a threat to its security and will hardly agree to legalizing it by means of an agreement on mutual reduction and restructuring of armed forces on "strictly defensive principles."

The above-cited considerations pose a number of very difficult tasks for the participants in the negotiations. How, by reducing quantitative levels of armed forces and arms (including aviation), to decrease the offensive capabilities of the sides which are determined to no lesser extent by the qualitative characteristics, structure, disposition, nature of training, logistic support, and capabilities of reinforcing and cooperation of the various elements of the armed forces? How, with a mutual reduction of forces and weapons, not to change the correlation of defensive and offensive capabilities in favor of the latter, considering that, as a result of the reductions, they will have to cover the same length and depth of defensive lines with fewer forces, while the attacking side will preserve the capability to concentrate forces for a strike as it sees fit? How to preserve for defense the capability of mobile defensive operations, the transfer of reserves to close breaches in defensive lines, and a counteroffensive to drive out an enemy who has penetrated, without creating simultaneously a threat of an unprovoked attack for the other side? How to disperse the armed forces of the two blocks from the line of contact without creating a "vacuum" or "rarefied" zone for defense which an offensive, having an advantage in time and avenue of attack, given the high mobility of troops, will be able to penetrate all the more quickly and easily without encountering serious resistance?

In other words, it will be necessary to resolve a most complicated problem of making cuts in armed forces and arms which would radically decrease the possibility of an attack without simultaneously decreasing the relative

capabilities of repelling aggression. It appears that it is necessary to proceed from several basic principles in solving this problem.

First of all, although all troop units and formations, without exception, can be used both in defensive and offensive operations, massed deployment of certain types of armaments and especially concentration of them on individual axes contributes much more to an attack than to repelling aggression. This involves primarily tanks, self-propelled artillery and long-range artillery assets, attack helicopters equipped with powerful armaments, and tactical strike aviation. It also pertains to certain auxiliary assets and facilities moved up to the forward lines (pontoon bridge and assault crossing assets, rapid mineclearing equipment, large fuel and ammunition depots).

Secondly, correctly chosen subzones of reductions and withdrawal of offensive arms and equipment within the framework of the entire space "from the Atlantic to the Urals" will contribute to a decrease in the concentration of these forces and resources near the line of contact of NATO and Warsaw Pact armed forces and a safe "division" of the military potentials of the sides. In doing so, it is necessary to take into account that with a concentration of a potential aggressor's forces for an attack, a transfer of forces to the forward edge along the line of contact gives the defending side a much better opportunity to determine in advance the axis of main thrust (thrusts) than when the aggressor moves troops up from the depth of his operational formations toward the border. Therefore, reduction, limitation, and control measures in the zone adjacent to the border (that is, in a corridor 100-200 km from the border) will significantly reduce the possibility of a surprise attack and give the defending side much more threat warning time, but will not interfere with taking advance measures to repel the attack if necessary.

Thirdly, decreasing the possibility of a surprise attack will lessen the demands on the sizes of offensive groupings for a mobile defense, a counteroffensive on the tactical and operational levels, and assets for deep counterstrikes (tactical strike aviation in particular), which may be perceived by the other side as a first-strike potential. In these conditions, reserves for a strategic counteroffensive can be positioned in the deep rear without creating the threat of an attack, and their size can be limited by the limits of reasonable sufficiency so as not to cause fear concerning the possibility after a surprise attack of developing a wide-scale offensive deep into the other side's territory. The latter, in any case, is not very likely in the current political, socio-economic, and military-strategic conditions on the European continent.

Fourthly, introducing broad measures of trust, limiting military activities, and creating risk reduction centers and a comprehensive verification system (including on-site inspections; continuous observation of the ground and air situation; monitoring on lines of communication,

at airfields, and at ports and large garrisons) would virtually eliminate the possibility of concealed violation of a treaty, transfer and concentration of forces and assets for a surprise attack. But another thing is important—in a hypothetical situation, how fast would the system make it possible to detect threatening actions by the other side, identify them as preparations for an attack (in contrast to reasonable measures to strengthen defense), and give time for retaliatory measures to strengthen defensive capabilities with respect to the time of preparations and initiation of an offensive by the attacking side.

In the final analysis, the entire set of possible measures for armed forces and arms reduction and limitation measures, confidence measures, and so forth—for the purpose of preventing a surprise attack and eliminating the possibility of conducting broad offensive operations—comes down to extending the warning time as much as possible in order to deprive the aggressor of his main advantage: the effect of surprise. Even a deep reduction in troops and armaments is theoretically reversible, and an aggressor can rebuild potential by mobilizing and stepping up military production, but the warning time, thanks to the treaty, would no longer be counted in days and weeks, but in months and years, which would virtually make hopes for a successful attack baseless and would therefore eliminate the probability of the latter.

A number of considerations on their tactics can be added to these four fundamental principles. When reducing conventional armed forces in Europe, regardless of the scale of the cuts, it will be necessary to resolve a multitude of very complex political and technical problems in the first stage of the negotiations. It will require a maximum of good will, flexibility, and foresight of the sides, their rejection of many traditional military and political views, and the customary practice of activities of armed forces for the sake of more important new goals. The physical volume of reductions must, therefore, already in the first phase of the agreements be as large as possible for the "game to be worth the candle," for the situation to improve in the military-political respect, and to bring considerable savings by decreasing military expenditures.

In this regard, the principle of eliminating the imbalances already in the first stage of reductions is of very great importance. Regardless of the types of armaments and combat arms affected, the reductions would have particularly great strategic and political importance if they were made not simply to the existing level of the side lagging behind but to even lower equal ceilings. Then, the bloc having fewer forces and assets of a given category would participate in the reductions from the very beginning. One can only welcome the corrections in Vienna of the primordial principle of reducing "to the level of the side lagging behind."

Even after considerable unilateral reductions in the Warsaw Pact's armed forces before conclusion of the

first phase of the negotiations and the bilateral (Warsaw Pact-NATO) reductions—after the first phase both sides will still have by historical standards a huge amount of offensive arms. But the relative balance between the offensive and defensive elements of the armed forces must change noticeably in favor of the latter. Offensive elements must become insufficient for a strategic offensive, but remain sufficient for conducting, if necessary, counteroffensive operations and a mobile defense on operational and tactical levels.

For the cuts to weaken the offensive potential to an even greater extent, but not the defensive capabilities, it would be exceptionally beneficial to resolve issues of distinguishing between offensive and defensive arms not only by types, but also by types of weapons. This involves distinguishing between tactical strike aviation (bombers and ground-attack aircraft) and defensive aircraft (air defense fighter-interceptors). It is feasible to distinguish between such offensive systems as armored infantry fighting vehicles—and armored personnel carriers with antitank weapons, light guns, and machine guns for mobile defense (for example, by weight and gun caliber). The same applies to artillery (particularly self-propelled) and MRLS systems—in contrast to light defensive guns and mortars, combat attack helicopters—in contrast to transport helicopters (say, by bottom armor). It is possible that these problems will have to be resolved at the next stage of negotiations. Authors of the review are not fully clear with respect to all these very complicated issues, but there is no question that they deserve most serious discussion by experts at the negotiations and at the non-governmental level. One way or another, such differentiations will have to be agreed upon for working out definitions (what is a "tank", a "gun", and so forth) and including future types of armaments and combat equipment in the established limits and zones.

Finally, the question of what to do with the equipment being reduced is important. Whereas outdated equipment can be melted down, it is hardly rational and very expensive to destroy the latest expensive armaments, while at the same time continuing to produce them for equipping the remaining troops. Probably, the arms being reduced should be withdrawn from the zone of direct contact between NATO and the Warsaw Pact (and the assets of foreign troops withdrawn from Central Europe altogether) and can be partially transferred to reserve formations and also sent to depot storage. So that these assets cannot be quickly removed from storage and transferred to combat-ready units, a proposal could be discussed concerning their partial dismantling and separate storage under strict monitoring (tanks apart from turrets; helicopters apart from rotors; self-propelled guns apart from guns; aircraft apart from engines); of course, here the designers and production workers have the say. Here, certain additional expenditures are justified. Verifiable distinctions could be specified for reserve formations and combat-ready units (20-30 percent of the named armaments of their total authorized strength in

large units, for example, could be maintained for active use and training, and the rest stored separately in a partially dismantled condition at depots, with the other side having the right of inspection). Then, a considerable portion of the remaining forces and resources could be transferred, mutually and without risk for defense, to a status of a reduced combat readiness in accordance with the goals of the Vienna mandate.

Apparently, it will be necessary to reach an agreement on the authorized amounts of offensive arms not only in combat-ready units and reserve formations, but also at depots and storage facilities near the manufacturing enterprises, en route during shipments, and so forth. All these reserves must be subject to verification, including on-site inspections and short-notice inspections on request. Routine removal of armaments from depots and transfer of them to the troops to replace equipment being written off within the established ceilings should be accomplished with the appropriate notification of the other side based on an exchange of plans and schedules. Large reserves of armaments and equipment formed in this manner, including of the latest models, will make it possible to reduce annual production volumes sharply and carry out an in-depth conversion. In addition to reducing costs for material and technical support and personnel salaries (by reducing personnel strength and the number of large units and units), this can also become the main means of considerably reducing defense expenditures.

Finally, to facilitate verification, it is advisable to make personnel cuts together with arms reductions. They would be subject to demobilization or partially transferred to reserve status. The question of how to reduce armed force and arms is not a technical aspect, but a question of a fundamental nature. A reduction by removing individual weapons from units and subunits and reducing their personnel strength in this connection could hardly be reliably verified. Reducing by large formations, for example, by corps, armies, air wings, and air armies, would be easy to verify (of course, having agreed upon their organic complement of armaments and combat equipment), but after a specific phase this could contradict the idea of restructuring military potentials to defensive principles. The thing is, these large formations have a diverse composition of troops and armaments, and they are intended for conducting both offensive and defensive operations. An indiscriminate reduction of both offensive and defensive elements of the armed forces—for example, tanks and ATGM's, tactical strike aviation together with air defense aircraft and missiles, large-caliber and self-propelled artillery together with light artillery and mortars, assault crossing equipment together with equipment for setting up obstacles and minelayers—would simply reduce the levels of the military balance without restructuring the potentials on defensive principles. Taking into account the invariability of the geographic factors, this could even relatively increase the potential of the attacking side.

Consequently, it would be advisable to make the reductions by the largest possible (for ease of verification), but homogeneous formations, that is, with one type (offensive) of basic armaments and combat equipment. For example, tanks and infantry fighting vehicles could be reduced by regiments or battalions; artillery—by regiments or battalions; aviation—by air regiments or squadrons; and so forth. The corresponding structures at garrisons (barracks, garages, storage facilities, airfields, roads) would be subject to storage, dismantling, or transfer to the civilian sector. A considerable demobilization of personnel would be carried out in parallel with the arms reductions, which would also result in a significant savings in military expenditures and eliminate the danger of a rapid buildup of forces in the zones of the cuts by the transfer there of arms and equipment to ready garrisons with a deployed logistic infrastructure.

At first glance, it may seem that all of the above are secondary, technical issues. The authors believe, however, that there are no "trifle things" in such a matter as the Vienna negotiations. Each one can grow into a serious problem and slow down these historically important negotiations. And it is the duty of scientists to try to see complications and, to the extent of their abilities and available information, propose ways to settle them. Including aviation along with tanks, artillery, and armored vehicles in a package of reductions is one of the most important elements of the agreements, although this also involves considerable complexities. First of all, it involves determining the criteria for including them. Criteria have not yet been developed (in any case, not made public) making it possible to separate aircraft specially adapted for strikes against ground targets (frontal bombers, fighter-bombers, and ground-attack aircraft) or capable of making strikes against ground targets in addition to carrying out their main functions (multi-purpose fighters and individual modern models of fighter-interceptors) from aircraft not capable of carrying out such missions (fighter-interceptors). This is especially so since a number of aviation systems have modifications for functioning both as an interceptor and as a strike aircraft. It is also necessary to be able to distinguish between aircraft of the same type in air forces and land-based naval aviation (for example, Tu-16 and Tu-22 medium bombers, which according to Warsaw Pact data are counted in naval aviation, but not in air force frontal aviation; Su-17 fighter-bombers; MiG-21, MiG-23, MiG-29, and Su-27 fighters, and others). In NATO, these types of air force and naval aircraft include the F-4, Tornado, F-104, and others. Working out such criteria and differentiations, although complex, seems possible to do in principle. In doing so, of course, an appropriate system of verification and inspections must be ensured, capable of verifying the established differentiations for such characteristics as sighting systems, armament, special equipment, and so forth.

An equally important problem is determining the area of the reductions, since the operating radius and operational flexibility of modern aviation makes it difficult to count in relatively small geographic zones.

To ensure the possibility of monitoring strike aviation, the sides must agree on the initial authorized amount of aircraft at each specific Warsaw Pact and NATO military airfield throughout the territory from the Atlantic to the Urals. Considerable difficulties arise here due to the need to monitor a large number of military and civilian airfields, the presence of special shelters (protected hard stands and hangars) at many of them, mixed basing of aircraft of various types and combat arms, and their constantly changing numbers (associated with training flights, the infrastructure of dual-basing, and so forth). All these complexities will increase many times over if it is necessary to monitor not only the total number but also the number of individual types and modifications according to the presence (or lack) of certain characteristics of specific aircraft.

Obviously, creating special "air observation zones," oriented, for example, in a meridional direction, where it would be possible to accomplish sufficient monitoring by using radar observation aircraft (AWACS-type) together with low-orbit satellites and on-demand inspections, can provide a certain amount of help in carrying out these tasks. Considering that the main task of these aircraft would be to monitor specific airfields until on-demand inspection teams arrive, the number of these zones and aircraft would be small (4-5 zones and 12-20 aircraft for each side). Taking into account the fact that there would no longer be a need for aircraft to remain on continuous watch in the air, monitoring would not be excessively expensive.

Just as many complexities will have to be overcome when making cuts in other types of arms and armed forces personnel strength. Agreeing on the types and categories of arms to be reduced, their classification (for example, defining "strike combat aircraft," "main battle tank," calibers of artillery to be included, and so forth), starting data on the sides' armed forces—all this will make it possible to balance more precisely the initial amounts of assets, the volumes of their reductions, and the end ceilings for the first, most important phase of the negotiations.

The scheme cited, of course, is strictly illustrative in nature. It more likely demonstrates logic and details possible approaches to solving the problem, but in no way claims to serve as the basis of the expected agreement. Realistic negotiations of the states on these issues, political decisions and compromises by the sides will most likely make significant corrections both to the initial assessments of the correlation of forces and to the specific parameters of an agreement on reducing the armed forces and arms of the Warsaw Pact and NATO.

Approach of West European Countries

18160015 Moscow MIROVAYA EKONOMIKA I
MEZHDUNARODNYYE OTNOSHENIYA in Russian
No 7, Jul 89 pp 112-114

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Academy of Sciences World Economics and International Relations Institute [IMEMO], and Gennadiy Viktorovich Kolosov, candidate of historical sciences and senior scientific associate at the USSR Academy of Sciences IMEMO: "The Approach of West European Countries"]

[Text] The problem of reducing armed forces and conventional arms in Europe has become one of the key problems in the interrelations of the member states of the Conference on Security and Cooperation in Europe (CSCE). The course and possible results of the negotiations under way in Vienna will largely depend on the positions of the West European countries. They determine their official policy primarily taking into account their own military-political interests and national military programs. Also of great importance is the overall military-political context in which the West European members of NATO view the problems of reducing armed forces and conventional arms in Europe.

Whereas the role of the U.S. in NATO in the nuclear area is unquestionably a determining factor, in the sphere of conventional arms the contribution of its West European allies considerably exceeds the American contribution. Therefore, in the capitals of the countries of Western Europe, in particular, they justifiably figure that their influence on the course of the negotiations on reducing armed forces and conventional arms in Europe will be quite substantial. For the governments of the West European countries, the problem of such reductions has various aspects—national (associated with the specific interests of each of the countries of the region), Atlantic (affecting relations with the U.S.), West European (caused by the particular features of interaction among these countries themselves), and, finally, "Easter" (determined by relations with the Soviet Union and other socialist states).

For many years now the West European members of NATO have been facing a difficult choice. In accordance with their understanding of the conditions of ensuring security, they strive strengthen armed forces and constantly modernize conventional arms. Representatives of the U.S. persistently advocate increasing the West European contribution to NATO.

In practice, however, it is very difficult for the countries of Western Europe to achieve such goals without implementing such emergency and politically quite unpopular measures as considerably increasing expenditures for military needs and increasing the term of service in the army. It is becoming increasingly difficult to justify stepping up military efforts today by assertions about the increased "Soviet threat." Actually, for many years now the quantitative levels of the armed forces of a majority of West European NATO members have not been increasing; in the current decade, only Italy, Turkey, and Greece have increased their personnel strength somewhat. The number of ships, aircraft, tanks, and artillery pieces in service in the majority of countries of Western

Europe has also remained roughly the same, and sometimes even decreased. At the same time, there has been a certain qualitative improvement in conventional arms.

The governments of many West European countries maintain that the levels of their armed forces and arms are minimal and do not even correspond fully to the tasks facing them. Therefore, significant reductions of these armed forces and arms involve not only rather serious structural restructuring of the military potential, but also a re-examination of certain functions assigned to it. Hence the rather restrained initial reaction to the Soviet proposals which called for such reductions for both the Warsaw Pact and NATO. Sometimes, in connection with the growing economic difficulties of maintaining armed forces at the existing level, the assumption is expressed about the inevitability of reductions—unilaterally or in accordance with agreements reached at negotiations. But at the same time, economic considerations, with all their importance, by no means always play a paramount role in determining the size and structure of armed forces. The problem is often resolved by seeking additional funds, partial limiting of rearmament programs, joint production of new weapons systems, but not through significant reductions. The shortage of draftees in a number of West European countries, particularly the FRG, may stimulate reductions to a certain extent, but it is quite capable of making up for this shortage by increasing the term of service.

Sometimes the assumption is expressed that left-wing governments coming to power in and of itself can lead to substantial changes in military-political policies and, in particular, to reductions in the armed forces. But neither the Social-Democrats in the FRG nor the Laborists in England, criticizing the policy of the governments of their countries in the sphere of nuclear arms, speak out against the so-called conventional defense. Ensuring this defense, one way or the other, requires sufficiently effective general-purpose force and non-nuclear arms. Thus, it is hardly possible to count on the fact that the West European NATO countries will make significant reductions in armed forces and conventional arms unilaterally. A decrease in their levels is possible, as took place in this decade in France, Iceland, Portugal, and Denmark. However, this process will most likely at best be limited and selective in nature and be drawn out over a long period; at the same time, the structure of the armed forces, other things being equal, will remain basically unchanged, and modernization of arms will continue.

On the level of NATO as a whole, contradictory tendencies are developing regarding the attitude toward the subject matter of negotiations on reducing conventional arms and armed forces. As was already stated, the U.S. insists on increasing West European states' contribution to NATO. After the signing of the Soviet-American INF Treaty, discussion intensified over the question of "compensation" for the elimination of American missiles under way by strengthening the military potential, including in the area of conventional arms. In particular,

the governments of England, France, Italy, and the FRG, with certain stipulations, agreed with this. And although implementation of such plans in the next few years would be quite difficult, their very existence indicates that there should be no talk about the absolute readiness of West Europeans to reduce their armed forces and conventional arms.

Official circles of the countries of Western Europe approach differently the question of a possible reduction of American troops on the continent in the event an agreement is reached in the negotiations between the Warsaw Pact and NATO. The governments of the West European NATO allies, jointly with the U.S., adopted a plan for reducing conventional arms and armed forces in which main emphasis is placed on reducing American troops in Europe, although it also calls for a decrease in the levels of armed forces of the European states of the alliance. Nevertheless, a considerable decrease in the personnel strength of U.S. armed forces in Europe, even simultaneously with a reduction of Soviet troops, is seen in some circles as a threat of "dividing" NATO. The latter, thus, not directing their efforts toward large reductions in their own armed forces and conventional arms, at the same time would not want far-reaching decreases in personnel strength of American troops in Western Europe.

There exists another knot of interrelations on which the positions of West European states on the problems of reducing armed forces and conventional arms in Europe largely depends. This involves the interests and commitments of these states in Western Europe and beyond its boundaries.

First of all, according to the Paris Accords of 1954, the members of the West European alliance undertook a pledge to consult one another when changing the levels of their armed forces on the European continent. Although this practice has almost not been used and was devised mainly to monitor the FRG, it most likely would be revived and actively used if it came down to reductions. This can slow down the course of negotiations.

Secondly, there exist certain agreements between individual West European states that concern permanent stationing of armed forces. In accordance with these, British, French, Belgian, and Dutch troops are located on the territory of the FRG. These, as a rule, are the most battleworthy and well-equipped contingents, and their reduction would require preliminary mutual consent of the corresponding countries.

Thirdly, the difficult relations between Turkey and Greece create additional difficulties. Strengthening their armed forces or, on the contrary, any reductions in them are made dependent by the government of these countries on the state of their mutual relations. Up to now, there has been observed a tendency toward competition in strengthening military might, a sort of two-sided arms race.

Fourthly, in examining questions of the structure and level of their armed forces, England, France, and to a lesser extent Italy consider it necessary to take into account the missions assigned to them both near the shores of Europe (Italy's Mediterranean interests) and far from them (England and France). Based on the need to safeguard these interests, these countries apparently will persistently strive to remove from the framework of negotiations those contingents of armed forces and arms which could be used in these interests. In the future, this may seriously hamper discussion of the question of reducing naval forces and special airborne assault formations.

The existing mutual relations in the military-political area apparently will also affect the approach of West European states to the problems of the negotiations being conducted. This involves their unequal roles in NATO and the considerable differences with regard to the military potentials, commitments made, and particular features of the military-political policies. For example, at this stage, England and France would hardly agree to the complete withdrawal of their armed forces from the territory of the FRG, and for Turkey and Greece maintaining a certain balance between the armed forces of the two countries during the course of the reductions is of great importance. On the whole, in Western Europe the desire to reach an agreement which would not at all significantly disrupt the current structure of mutual relations between the countries of the region and also the "inter-West European" balance in the area of armed forces and conventional arms will apparently prevail.

The most important factors determining the approach of West European states to the problem in question concern their relations with the Soviet Union and the other Warsaw Pact countries. Here, undoubtedly, there are certain favorable trends.

The changes in the Soviet Union, creating a more attractive perception of our country in Western Europe, make it more difficult to use the traditional thesis of the "Soviet threat" to justify programs for developing the armed forces and build up arms. So far, this does not involve irreversible changes in public opinion, but now it is still much more difficult in the official circles of West European countries to oppose reducing the armed forces and conventional arms of the two military-political alliances.

The thesis about a Soviet superiority in the area of conventional arms and armed forces is deeply rooted in the consciousness of the West European public. The establishment of "approximate overall equality" to counter it in the past was seen as unconvincing, especially with the lack of sufficiently detailed information characterizing the Warsaw Pact's military potential in Europe. Therefore, the dynamism, flexibility, and initiative demonstrated by the Soviet Union in this area as a whole have evoked a quite favorable reaction in Western Europe. Special note is made of the recognition of the

possibility of asymmetrical reduction, which is seen as an important confirmation of the peaceful intentions of the USSR with respect to Western Europe, and in a broader sense—as evidence of the foreign policy restructuring actually being accomplished by the Soviet Union.

The East European Factor in the U.S. Approach

18160015 Moscow MIROVAYA EKONOMIKA I
MEZHDUNARODNYYE OTNOSHENIYA in Russian
No 7, Jul 89 pp 114-119

[Article by Georgiy Melorovich Sturua, candidate of historical sciences and sector head at the USSR Academy of Sciences IMEMO: "The East European Factor in the U.S. Approach"]

[Text] An analysis of statements by U.S. political and military figures and American literature indicates that the East European factor plays a definite role in forming Washington's approach to limiting conventional forces and arms. One can just how much by the attention given in developing this approach, in particular, to the following three problems: the scale of the contribution of the socialist countries in Eastern Europe to the Warsaw Pact military potential; the state of affairs in the military-political alliance of the socialist countries; and the possible consequences of limiting and redeployment of conventional forces and arms for the mutual relations between the Soviet Union and Eastern Europe. Although public assessments of these problems do not fully reflect American views, and in some cases probably even intentionally distort them, nevertheless the assessments encountered are sufficiently indicative to identify the main parameters of the American position with respect to considering the East European factor.

1. Numerical calculations of the Warsaw Pact military potential, which are mentioned in various American publications, indicate that the Warsaw Pact members, besides the USSR, make an appreciable contribution to the alliance's military efforts. In studies on the Warsaw Pact, reductions of the USSR Armed Forces begun in the late 1950's are often tied in with a stepping up of the alliance's activities, a sharp increase in the number of military exercises, and also the development by the Soviet command of the concept of a coalition war, assuming greater emphasis on using the armed forces of the East European countries. Indicators characterizing this contribution vary depending on the calculation methods used. The data cited further correspond to the latest version of the military balance in Europe submitted by NATO last year.

The East European countries of the Warsaw Pact account for 29 percent of the total number of tanks, 24 percent of the artillery, and 29 percent of the alliance's ground forces in Europe; 27 percent of the total number of bombers, ground-attack aircraft, and fighters of the alliance are deployed in the air forces of the East European member countries. The U.S. considers the mobilization capabilities of this group of countries in the

first 10 days after the start of mobilization to be key: 22 of the 24 divisions the Warsaw Pact will be able to bring to a state of heightened combat readiness and position near NATO borders will be deployed by East European members of the Warsaw Pact. It will be extremely difficult for the Soviet Union, these experts summarize, to wage successful military operations against NATO without using the combat potential of the East European states.

Beginning in the 1980's, rapt attention in American research was given to studying the question of how much the USSR can count on the military capabilities of its allies in safeguarding its military-political interests. A number of American publications spread the thesis that the Soviet Warsaw Pact allies and their armies are supposedly not so "reliable" that the USSR can rely on them in the event of war on the European continent. Expounding on the theme of "reliability" of East European countries as USSR allies in a war situation in Europe, American researchers discuss hypothetical scenarios in which the USSR would divert from direct participation in combat operations in the initial phase of the war up to one-third or more of the total number of divisions deployed in Eastern Europe to ensure the security of lines of communication leading to the Soviet troops stationed on the line of contact with large units and units of NATO forces. At the same time, American experts believe that, if NATO's actions appear threatening and aggressive to the USSR's allies, Moscow will be able to ensure a high level of "reliability" of its Warsaw Pact partners.

For a certain portion of American experts, the predicted possibility of "ferment" in Eastern Europe served as the most convincing argument in favor of the fact that the USSR, they say, in its "offensive strategy" directed its efforts at accomplishing lightning-fast, blitzkrieg operations with those forces which it has near the NATO borders. Trying to find convincing arguments to support this conclusion, analysts in the U.S. proposed the following logical chain. An attempt to reinforce the existing contingents of Soviet Armed Forces in Eastern Europe by transferring large units from the USSR not only would send a signal to the enemy that an attack was being prepared, but most likely would destabilize the situation in countries where the Soviet divisions being transferred would be deployed. Further, proponents of this theory maintain, the very nature of a blitzkrieg war, requiring prompt decision making, rules out for the USSR the variant of extended consultations with its allies. The transient course of the war, in addition, would reduce to a minimum the dangers potential prospects of "ferment" in Eastern Europe: the countries of the region would not have sufficient time to assess the situation taking shape and actions of such a scale which could adversely affect the effectiveness of offensive operations by Soviet troops.

The considerable degree of speculativeness of the scenarios built in connection with the issue of the "ferment" of the East European countries has been recognized by many U.S. analysts. Pointing out the possibility of contradictions arising between the USSR and its allies was used, in particular, to refute the alarmist assertions about the critical situation in which NATO is supposedly located.

2. The potential contribution of the East European Warsaw Pact members to the alliance's military efforts was assessed in American publications against the background of the more general problem of the state of affairs in the Warsaw Pact. It should be stated that the assessment of the situation in the Warsaw Pact and in the countries that belong to it is today being enriched with new themes in connection with the perestroika begun in the USSR and its initiatives. The changes being made to the assessment indicate, if not confusion, at least caution on the part of American experts at this stage with respect to predicting the possible nature of the influence of the policy of radical reforms in the Soviet Union on the Warsaw Pact.

From all appearance, the following notions still remain inviolable. The USSR needs Eastern Europe as: a) a "buffer zone" separating it in peacetime from the negative influence of the NATO countries; b) a troop deployment area—their deployment area on "forward lines" reinforces the USSR's military position, makes it possible to lower the threat of conducting combat operations on its own territory, and guarantees political stability of Eastern Europe; c) a geopolitical argument in the confrontation of two systems and ideologies. The Soviet Union, American research summarizes, had managed relatively successfully to counter the centrifugal processes in the Warsaw Pact.

However, by the mid-1980's, the works of American researchers had begun to an ever-increasing extent to view the Warsaw Pact as a military-political formation which in its original form served the interests of the USSR. The following point of view had taken shape in the U.S. on the eve of the process of reforms begun in the USSR:

—the establishment of detente in the late 1960's had granted the countries of Eastern Europe an opportunity to expand various contacts with the West, increased the latter's influence on it, and created favorable conditions for demonstrating "independence" from the Soviet Union. The international situation, different from the 1950's, resulted in a lessening of the perception of a threat from NATO, which affected the structure of mutual relations between the USSR and its allies. The creation of new Warsaw Pact bodies beginning in the 1960's and the regular and more frequent meetings and consultations within the framework of the alliance are viewed by American experts as "gains" by the East European countries and a long-term trend, which, they say, the

USSR will have a hard time getting used to both politically and psychologically;

- aggravation of economic and social problems in the countries of Eastern Europe threatens the stability of governments and forces them to maneuver and make concessions. (In the last several years, the situation in this region has supposedly become even more complicated and contradictory. Perestroika in the USSR has opened the way for reforms in Eastern Europe, but the ability of the leadership of a number of countries to adapt to the need for changes and become their champion is assessed by U.S. experts as being rather limited. Hence, it is expected that the friction between these regimes and Moscow, which they say is prompting reforms, will increase. At the same time, reforms in some countries of Eastern Europe, stimulated by Soviet perestroika, as is noted in the U.S., may go significantly farther than Moscow would like, and even not in the same direction.);
- the differences in the Warsaw Pact, as American researchers believed during the pre-perestroika period, were caused also by reasons directly pertaining to the alliance's military activities. First of all, it was maintained that, experiencing economic difficulties, the East European Warsaw Pact members resisted "pressure" from the USSR, which sought from them an increase in military efforts. Military analysts in the U.S. assumed that a number of other aspects evoked dissatisfaction of the USSR's allies: a) limited participation in making decisions affecting the Warsaw Pact; b) the alliance's military strategy was supposedly aimed at turning the territory of Eastern Europe into a "battlefield" and meant the inevitability of large troop losses by the East European Warsaw Pact members; c) delays in equipping them with modern Soviet combat equipment.

Although the works of some American authors appealed not to mistake what is desired for reality and not to exaggerate the scale of differences within the Warsaw Pact, these publications nevertheless confirm a conclusion typical for corresponding research in the U.S.: the Warsaw Pact has reached a certain turning point in its history. The Soviet Union, these studies stated, is supposedly faced with a difficult dilemma: elements of "democratization" must be introduced into the organization of the alliance in order to give it a more dynamic quality and effectiveness, but such restructuring of the alliance, apparently, in the final analysis would decrease its original value in the eyes of Moscow and would require a fundamental re-examination of the goals for the sake of which the USSR advocated creating the Warsaw Pact.

The American analysis of the situation associated with limiting conventional forces and arms has begun to undergo changes as a result of the Soviet Union's announcement in December 1988 of plans to reduce by six divisions its military presence in Eastern Europe. Approximately right up until the end of last year in the

United States, apparently, the point of view was prevalent according to which the USSR, making maximum propaganda use of NATO's fluctuation with respect to questions of limiting conventional forces and arms, itself had not determined its own attitude toward them. American researchers have singled out the fact that the Soviet Union is interested in reducing tension between the Warsaw Pact and NATO to gain access to Western technology, to establish the trade and economic ties with the West necessary for accomplishing perestroika, and also to ease the heavy burden which military expenditures is placing on the economy. At the same time, in the views of specialists in the U.S., there has existed a number of considerations supposedly keeping the USSR from unqualified support of large-scale reductions of conventional armed forces and arms in the European regions.

They include, above all, the USSR's uncertainty with respect to what the consequences of such reductions might be for stability of "order" in Eastern Europe, in which it has invested considerable political capital and considerable funds and resources to maintain. According to the opinion firmly established in the U.S., the Soviet Union has reason to fear that the governments it supports in the countries of Eastern Europe "will not remain on their feet" in the event Soviet armed forces are withdrawn from them. Reducing the USSR's military presence in Eastern Europe and at its borders, as was believed in the U.S., can lead to "disintegration" of the Warsaw Pact. The Soviet Union, according to the American analysis, has still not determined what the lowest, maximum level of its military presence in Eastern Europe should be, guaranteeing it control over the situation in the region.

Researchers in the U.S. have adhered to the opinion that politicians in the East European countries, in turn, are concerned about the prospective withdrawal of Soviet troops. It has been predicted that in some part of the political circles of Eastern Europe they will object to large reductions of USSR Armed Forces and reductions made in a very short time period.

3. After the USSR's decision on withdrawing a significant portion of its troops from the territory of Eastern Europe, which was followed by statements of other Warsaw Pact members about reducing the strength of their armed forces, and after the advancement in May 1989 of the far-reaching proposals of the Warsaw Pact on eliminating the asymmetries in the European military balance, the U.S. gradually began freeing itself of doubts as to the seriousness of Moscow's intentions. The current situation, in the opinion of American researchers, no longer makes it possible to put off until the future the formation of a U.S. position with regard to possible deep cuts in armed forces in Europe and, in particular, to a decrease in the USSR's military presence in its allied countries.

There is no direct indication in American research as to what the U.S. strategy may be with regard to the problems facing the USSR and its Warsaw Pact allies in the

process of limiting conventional forces and arms. As it appears, there is no unity of opinions in the United States on the question of how the complication of the situation in the countries of Eastern Europe may correspond to American interests if it complication follows the reduction of Soviet troops on their territory. According to one version, a crisis in Eastern Europe would undermine the USSR's course for reforms and force it "again" to take more "aggressive" foreign policy stands, which hardly serves the interests of the U.S. and the West. The logic of this version assumes the possibility of an escalation of tension in Europe to the brink of war.

The general idea of another version comes down to the fact that the United States in any event, that is, even if the USSR is unable to prevent "disruption of military-political ties" with Eastern Europe, will not be able to take advantage of such a situation: economic realities predetermine the gravitation of the countries of Eastern Europe toward the Soviet Union and, at time, relative independence from it. In addition, it is added that for economic, political, and social and psychological reasons, reimplantation of the Western model of economy in the countries of Eastern Europe appears improbable.

Another variant of events apparently being examined in the United States on a theoretical plane—complete isolation of Eastern Europe from the Soviet Union—most likely, as can be seen from certain American studies, would place the U.S. in a difficult position. The benefits which the United States could gain from the new status of Eastern Europe would probably be neutralized by the inevitable change in the balance of their relations with NATO allies and the sharp weakening of the latter's support of a joint military-political strategy. Fears are being expressed in the U.S. that with a decrease in its contribution to the defense of NATO as a result of agreements on limiting conventional forces and arms, the range of issues on which the U.S. will not be able to gain the upper hand in disputes with allies will increase. A new geopolitical situation, in which American researchers do not rule out the possibility of eliminating the political division of Europe into East and West, can in the end lead to the destruction of the foundation of NATO and to the military-political unjoining of the U.S. and Western Europe.

The prospects of a complete withdrawal of Soviet troops from the GDR evoke special concern in the U.S. and certain NATO countries. The prospects of a subsequent or simultaneous withdrawal of the American military contingent from West Germany are also directly linked to this. Washington is extremely worried that the most important obstacles to "reuniting the two Germanies" and forming a large state—a serious competitor for the U.S.—would thus be removed. In addition, it seems to American analysts that such a "reunification of the Germanies" would involve their neutralization and actual destruction of the entire Western system of security. American publications frequently maintain that a new German state would be ready to establish close

relations with the Soviet Union. American researchers proceed from the fact that many other European countries that have not forgotten the experience of the First and Second World Wars also share the U.S. sentiments with respect to such a state formation.

Concern regarding the future of NATO, preserving for the U.S. military levers of influence over West European countries, their willingness to build up the military might of the alliance, and the intensification of inertia in the process of disarmament is also clearly sensed in more realistic foreign policy scenarios being studied in the U.S. Many materials advance assumptions that the reforms in Eastern Europe and the reduction of the amount of Soviet military presence there can, without affecting the essence of the alliance of the countries of this region with the USSR, nevertheless involve an acceleration of changes unfavorable to the U.S. in its mutual relations with its NATO partners.

4. Based on an analysis of American materials, one gets the impression that the U.S. has not yet determined its attitude toward the prospects of a substantial reduction in the level of military confrontation in Europe. The East European factor has a certain part in the complex of considerations causing Washington's hesitation on the question of reducing conventional forces and arms on the European continent.

Not only military-strategic considerations but also consideration of the East European factor, apparently, contribute to the establishment of emphasis in the American approach on reducing combat equipment but not personnel. It cannot be ruled out that one of the reasons the U.S. initially proposed a comparatively small reduction in military personnel was its desire to prevent the threat of the U.S. and the USSR losing control of the situation in NATO and in Eastern Europe, respectively.

In the complicated set of reasons for the U.S. putting forward the idea of asymmetrical reductions of armed forces personnel of the USSR in Eastern Europe and of the U.S. in Western Europe, it is quite likely that there was also the thought, if not to impede the process of limiting the non-nuclear component of military power, at least the desire to recapture the initiative, placing Moscow in a difficult position by "exposing the contradictions in the positions of the Soviets and Eastern Europe."

In actuality, it is precisely the American approach to the role of the East European factor in the process of limiting conventional forces and arms that largely demonstrates an internal contradictoriness. On the one hand, you cannot help but feel that certain circles in Washington would like to play the "East European card" and, as a result, gain certain military-political advantages: as a minimum, recapture the initiative from the Soviet Union in the struggle for world public opinion. On the other hand, the U.S. political establishment is discovering a certain understanding of the complexity of the present situation, which certainly is not described in terms of a game with a zero sum.

It should also be emphasized that in the assessments of how to approach the use of the East European factor, the United States cannot help but take into account its many years of experience in conducting a so-called differentiated policy with respect to the USSR's Warsaw Pact allies. The administrations replacing one another unanimously adhered to the policy of encouraging by one method or another socialist countries that politically distanced themselves from Moscow. Conversely, its most loyal allies were subjected to "punishment" for closeness to the Soviet Union. The outwardly flawless scheme, from the American point of view, did not work in reality. The majority of analysts in the U.S. have the same opinion that the "carrot and stick" policy did not have any effect on the behavior of the East European countries. The gain or damage which the American policy promised the "recalcitrant" and "obedient" in Eastern Europe in practice were not very serious incentives to fundamentally influence the USSR's Warsaw Pact allies' perception of their own interests and priorities.

It is quite likely that in questions of limiting conventional forces and arms, Washington's intention to realize the hypothetical advantages which American experts point out will encounter roughly the same kind of difficulties. It still remains unclear, as it follows from American publications, in what specific actions the effective playing of the "East European card" can be expressed.

Whereas the noted problem could pertain to a number of problems of a tactical nature, the question, associated with the East European factor, of the U.S. attitude toward perestroika in the Soviet Union signifies a dilemma of a doctrinal-philosophical and ideological nature facing Washington. In the past, and in recent times, U.S. foreign policy and its military-political strategy were formed based on orientations on energetic confrontation with an irreconcilable enemy—the USSR. The processes of fundamental reforms in our country for the first time placed on the agenda in the American thoughts about the future of America in the 21st century the necessity of miscalculation of variants of such a development of events in which sharp confrontation between the U.S. and USSR would subside, and transform into mutual relations with elements of cooperation and partnership. Perestroika in the Soviet Union is forcing the United States to determine whether it wants to use its East European policy to promote changes or disrupt them.

In that part of the political spectrum in the U.S. where the idea of "helping perestroika" has become widespread, somewhat amorphous proposals are being expressed within the framework of the following model: The United States should call for measures to strengthen the USSR's confidence in the stability of the strategic situation on the European continent so as to form a "more favorable" climate for the advancement of reforms both in the Soviet Union and in Eastern Europe. Those same circles which see perestroika as a threat to

American interests campaign for the advancement of provocative initiatives capable, they say, of causing dissension in the Warsaw Pact. These are two extreme positions which, although not to an equal degree, will provide calibration of the American policy.

From all appearances, in the near future Washington's approach to reducing conventional forces and arms will, in particular, reflect the fact that the consequences of perestroika in the USSR and reforms in Eastern Europe were not cleared up sufficiently for the U.S. Without abandoning encouragement of internal tension within the Warsaw Pact, the U.S. probably will still base its policy on the thought that a forthcoming collapse of this alliance is not realistic and, perhaps, not even desirable for American interests.

SURVEYS, INFORMATION

Economic Survey of CEMA Countries for 1988

18160016f Moscow MIROVAYA EKONOMIKA I
MEZHDUNARODNYYE OTNOSHENIYA in Russian
No 7, Jul 89 pp 123-130

[Article by S. Kolchin and O. Nikolayev: The Economy of Countries in the Socialist Community in 1988"]

[Text] The development of the national economy of CEMA member nations, that observed the 40th anniversary of their union at the beginning of 1988, has been characterized by the intensive search for ways of modernizing the model of socialism. Many countries are trying to develop market mechanisms, to strengthen the cost-accounting principles of enterprise activity, and to bolster their economic independence. The forms and methods of economic policy are differentiated to a greater degree than in the past. Specific economic problems present certain difficulties.

Economic growth

Aggregate produced national income throughout the community as a whole increased by 4.1 percent in 1988, which was almost 1 percent higher than the average for 1981-1985 and the first 2 years of the current five-year plan (the growth of the national income of CEMA countries in 1987 was a mere 2.5 percent). Only in Hungary, the GDR, and Romania, was there a decline of rates; in the HPR [Hungarian People's Republic], the growth indicator on the whole corresponded to planning projections, but in the GDR, and especially in Romania, growth on the whole was lower than planned.

Bulgaria and Poland have the best potential for fulfilling the general growth indicators of their 1986-1990 five-year plans. To all appearances, the countries in the community will be unable to attain the planned growth rates. But current economic reality focuses primary attention not so much on growth rates as on improving the qualitative parameters of development. From this

point of view, the fact that economic growth was almost entirely the result of higher labor productivity can be regarded as positive.

The size of the work force in the material sphere declined in Bulgaria, Hungary, Poland and the USSR at the same time that it increased slightly in other European CEMA countries:

Table 1 Growth of Produced National Income (%)

	1981-1985 average per yr	1986-1987 average per yr	1988
CEMA Countries.....	3,2	3,3	4,1
Bulgaria.....	3,7	5,2	6,2
Hungary.....	1,3	1,7	0,5
Vietnam.....	6,4	2,6	5,9
GDR.....	4,5	4,1	3,0
Cuba.....	8,5	-3,9	2,3
Mongolia.....	6,5	4,5	4,3
Poland.....	-0,8	3,4	4,5-5,0
Romania.....	4,4	6,0	3,2
USSR.....	3,6	3,2	4,4
Czechoslovakia.....	1,7	2,3	2,5

There were changes in employment policy proper. It is primarily oriented toward increasing the mobility of the work force and toward making its structure more rational. Hungary, Poland and the USSR have taken measures to promote the growth of employment at cooperative enterprises and to develop individual labor activity, while the HPR and the PPR are promoting certain forms of private enterprises.

With respect to one component of the productive forces—labor resources—the tendency has been toward economic growth on a diminishing, stable, or slightly increasing resource base. The increase in another component—means of production—continues to outstrip the growth of national income. In other words, the capital-output ratio in the national economy of CEMA countries continued to grow in 1988. An national income growth of slightly more than four percent was accompanied by a five-percent increase in fixed capital. The volume of capital investment also increased—by 4.4 percent throughout the community as a whole (in 1987—by 4 percent). A decline of investment in 1988 was seen only in Hungary (7.7 percent) and Romania (1.3 percent), which was a factor in the deceleration of economic growth rates. At the same time, the growth of capital investment in other European CEMA countries was quite significant—from 4.6 percent (CSSR) to 7 percent (PPR). Moreover the growth of investment in these countries (with the exception of the USSR) was higher than planned.

The trends that continued to develop in 1988 in the investment sphere cannot be assessed in single-valued terms. On the one hand, construction was made more rational, forces were concentrated on just-completed construction projects (ready for operation) [*puskovyye obyekty*], and the commissioning of fixed capital was accelerated. On the other hand, the material-technical base continued to depreciate and become obsolete, the technological structure of capital investments changed slowly, and the productive accumulation fund was burdened by the high share of investment in the fuel and raw-materials branches. The effective use of the raw materials base remained one of the central problems of CEMA member nations.

On the whole resource conservation accounted for approximately 40-50 percent of the increase in the consumption of fuel, metal, and the basic types of raw materials. In the GDR the consumption of the most important types of raw materials and supplies declined by 3 percent; energy carriers—by 6 percent. Material expenditures in Bulgaria declined by 2.7 percent. The growth of net output was faster than the growth of gross output in Czechoslovak and Romanian industry. All this attests to certain successes in the conservation of production materials and fuel. However, this is still a slow process.

Industry and agriculture

Industry accounted for more than half of the increase in national income and grew by 3.7 percent throughout the community.

The role of intensive factors was manifested more distinctly in the industrial sector than in the economy as a whole. Practically the entire increase in output here was the result of higher labor productivity. Labor productivity in industry in Bulgaria in 1988 increased by 3.7 percent; in Hungary—by 2.3 percent; in the GDR—by 3.2 percent; in Poland—by 7 percent; in Romania—by 2.1 percent; in the USSR—by 4.7 percent; and in Czechoslovakia—by 2.1 percent. But only in Bulgaria and Romania was the growth of production partly the result of the increase in the size of the work force. The dynamics of production in the basic sectors of industry throughout the community on the whole was as follows: the volume of production in machine building during the year was 5.1 percent; production of objects of labor—2.5 percent; consumer goods—3.5 percent. Thus the accelerated development of the machine building complex has found real embodiment in policy.

The highest rates were seen in branches on the leading edge of technical progress. In Bulgaria, for example almost one-third of the entire increase in industrial output was based on electronics. In the GDR the growth of electrical engineering and electronics was 14.2 percent; machine tool building—8.2; chemical industry—7.8 percent.

The changes affected not only the branch structure of industry, but also reflected the particular features of the

Table 2 Increase in Industrial Output (%)

	1981-1985 average per yr	1986-1987 average per yr	1988
CEMA Countries..	3.4	4.2	3.7
Bulgaria.....	4.3	4.1	5.2
Hungary.....	2.0	3.0	-0.2
Vietnam.....	9.5	7.2	9.0
GDR.....	4.1	3.4	3.2
Cuba.....	7.4	-0.4	2.3 ¹
Mongolia.....	9.3	6.0	4.7
Poland.....	0.4	4.0	5.0
Romania.....	4.0	6.1	3.6
USSR.....	3.7	4.4	3.9
Czechoslovakia..	2.7	2.8	2.1

1) Commodity output in current prices.

economic policy of individual countries and their current status. Thus in Hungary the output of state industrial enterprises declined by 1 percent for the year while cooperative industry increased its production by 10 percent. In Poland the most substantial increase was noted in the export sector of industry while the volume of production for the internal market declined by 4 percent.

The results of agricultural production in CEMA countries in 1988 can for the most part be characterized as unfavorable. The volume of branch output throughout the community as a whole increased by only 1 percent. In Bulgaria it declined slightly; in Poland and the Soviet Union it increased by less than 1 percent; in Czechoslovakia—by 2.2; in Romania—by 2.9; and in Hungary—by 4.5 percent. Production in the agrarian sector of the GDR fell.

The agrarian sector occupies an especially important place in the economies of non-European countries in the community. Cuban agriculture has developed under relatively favorable weather conditions. Hence the substantial increase in the vegetable, rice, root-crop, and citrus harvest. The situation was more complicated in animal husbandry where the number of livestock declined slightly due to the shortage of feed.

The growth of agricultural production in Vietnam was 2.3 percent, including an almost 9-percent increase in food crops. The nation's food problem continues to be acute. The scarcity of rice is felt in the northern regions. There are heavy shipping and processing losses of foods. Mongolia achieved rather good results in crop production. It harvested 814,000 tons of grain. Its grain crop yield was 15 percent. The potato and vegetable harvest was good. At the same time, the situation worsened in its

leading branch: animal husbandry. Livestock losses totaled almost 2 million head. The number of young livestock raised to maturity declined by 14 percent.

The results of development of agriculture have been reflected in the general conditions and results of operation. Being for the most part the consequence of adverse weather conditions, they had a limiting influence on the supply of raw materials and food to the national economy. The shortfall in agricultural production in Bulgaria was 0.5 billion leva compared with the plan; the production of a number of basic food crops declined. The grain harvest in the GDR was 1.4 million tons lower than the plan targets. The negative impact of weather conditions also affected agrarian production in other European CEMA countries. All this made the development of animal husbandry difficult.

However, shortcomings in the development of the agrarian sector of the economy cannot be reduced exclusively to natural and climatic factors. The press in the fraternal countries enumerate such factors that slow down the growth of agricultural production as the insufficient use of advances of science and technology, lag in the improvement of economic relations, and the introduction of progressive forms of labor organization. Thus, The Bulgarian newspaper KOOPERATIVNO SELO notes that there have been nine major reorganizations in the nation's agriculture in a quarter century, but that they have not produced the necessary effect. Further measures are needed to give agrarian enterprises economic independence. This is obviously also important for other countries in the community as well.

Social development

The aggregate growth of real personal income was lower than the increase in produced national income and was approximately three percent on a per capita basis. Real per capita income increased as follows compared with 1987: in the BPR—by 3.4 percent; in the GDR—by 4 percent; in the MPR—by 1.8 percent; in the USSR—by 2.7 percent; in the CSSR—by 3.8 percent. The decline of this indicator by 2 percent was seen in Hungary. The dynamics of the indicator was also unfavorable in Vietnam and Cuba.

An ambiguous situation was also noted in retail trade. Retail trade turnover rose as follows in percent in most European CEMA countries: Bulgaria—2.5; GDR—3.9¹; Poland—3.4¹; Romania—0.5; Czechoslovakia—4.8¹; Soviet Union—7.1. At the same time, however, consumer demand for goods and services has expanded even more dynamically. This has led to scarcity that has not been offset by an increase in the mass of goods. The existence of significant deferred personal demand has exerted considerable pressure on the consumer goods market.

The inflationary process is one form of the economy's reaction to disproportions in the internal market. In Poland the rise of retail prices on consumer goods and

services was approximately 61 percent: the highest indicator in recent years. Consumer prices in Hungary rose by 16 percent. The rise of prices in Vietnam was high even though the rate of price increases slowed down somewhat. There were also inflationary trends, even if they were less obvious, in other countries in the community. The inexpensive product mix eroded, scarce goods became more expensive, prices were raised to compensate what were frequently very minor improvements in the consumer properties of products. Customs restrictions that were introduced at the end of 1988 on foreign tourists buying consumer goods and bringing them out of the country were a unique new feature that reflected the attempt of countries to preserve the balance in their internal market.

The leaders of the fraternal countries are focusing their attention on the situation in the social sphere. Tangible measures were taken to improve living conditions, especially among low-income strata. Thus, starting 1 January 1989, Bulgaria and Hungary have raised the minimum size of pensions. In the HPR, this is only an element in the integrated program to increase grants, scholarships, and other payments designed to neutralize the negative consequences of rising prices. Pension increases are scheduled for the end of the current year in the GDR. They will affect 3.1 persons and will require subsidies of 2.3 billion marks. In Poland pensions, grants, and payments to families with children were increased in early 1988. Romania launched a new stage of raising wages and pension on 1 March 1989. This will affect 3.4 million persons. In Czechoslovakia the next such phase in the pension reform will begin 1 October 1989.

Foreign economic relations

There are serious problems in the area of adapting the national economies of countries in the community; their inclusion in the international division of labor is still weak and one-sided. Unfortunately, reciprocal trade has not become a real factor in the intensification of foreign economic relations. What is more, there was virtually no increase in it in 1988. Retail trade turnover among countries belonging to the community as a whole rose by 3.8 percent, including exports—3.6 percent and imports—4.1 percent. Such rates are clearly insufficient against the background of trade of the developed capitalist countries, where exports in value terms increased by 14 percent and in physical terms—by 7 percent.

Among the basic factors impeding the development of foreign trade of CEMA member nations, we can name the weakness of the export base both from the standpoint of its structure (the predominance of products with a low degree of manufacture) and from the standpoint of qualitative parameters and technical level of products intended for the foreign market. Most of the finished goods, machines, and equipment produced in CEMA countries become items of exchange in the reciprocal trade market. But here, too, changing prices, which have raised the demands on the quality and mix of products have not created conditions for the dynamization of foreign economic relations.

The most significant increase in exports was in Hungary (16.9 percent), Poland (10.8 percent), Romania (10.5 percent), and Vietnam (17.2 percent). This is substantially more than the average during the first 2 years of the five-year plan. The dynamics of exports to other countries in the community was also higher than in 1986-1987. However the rates here were lower (in %): Bulgaria—4; Czechoslovakia—5.5; Mongolia—3; GDR—0.3 (after an average reduction by 1.9 percent in the 2 preceding years). In the USSR the reduction of exports decelerated slightly.

Imports in all countries of the community with the exception of the Soviet Union increased less than exports. Compared with 1986-1987, the dynamics of imports was higher in the USSR (an increase of 7.1 percent; in 1986-1987, the decline averaged 6.5 percent a year); in Hungary—6.6 and 5.5 percent, respectively; in Poland—4.5 and 1.5 percent; in the GDR—0.6 and -0.1 percent. Bulgaria reduced its imports by 1.8 percent; Romanian imports remained virtually stable as in the 2 previous years. Vietnam's imports rose by 6.6 percent (in 1986-1987 by an average of 14 percent a year); Mongolian imports increased by 8 percent (0.4 percent).

Trade with third countries was a basic factor in the growth of foreign trade turnover. The general political climate in relations with them was more favorable—a fact that was unquestionably reflected in their trade relations. However, economic factors, in particular, changing prices, have not favored the community because the prices of raw material commodities have declined while the prices of finished products have risen.

Reciprocal trade, as in the past, has retained its role as the basic source of satisfaction of the import needs of CEMA countries for the most important types of resources, equipment, and manufactured consumer goods. The increase in the exchange of machine building products and consumer goods was slightly more dynamic here.

The dissatisfaction of CEMA countries with the level and results of reciprocal collaboration determined the need for the elaboration of emergency measures to improve it and long-range strategy of economic interaction with the aid of more effective economic mechanisms. The 44th CEMA Session (Moscow, 1988) approved the Collective Convention on the International Socialist Division of Labor for 1991-2005. Programs of multilateral cooperation with Mongolia, Cuba, and Vietnam were also approved with regard to the specifics of participation in the division of labor of non-European countries in the community. Most CEMA member nations have shown their interest in making cardinal changes in the very content of cooperation. The orientation of these changes is determined by the growth of the role of market mechanisms and commodity-monetary relations, by the increase in the economic independence and interest of enterprises and organizations participating in cooperation.

Conditions for the creation of a unified socialist market form through the restructuring of national foreign economic mechanisms, through the development of new forms of cooperation—direct relations and joint ventures of CEMA countries. In the USSR alone, by the middle of 1988 more than 900 enterprises had concluded contracts on direct relations with partners from other countries in the community; 589 enterprises were engaged in such relations in Poland. At the same time, direct relations as yet produce a slight national economic effect and are not always established as a result of the direct initiative of participants in the cooperative effort.

The number of joint ventures is as yet small and their activity is developing quite slowly. Nevertheless CEMA countries show much interest in such a form of cooperation—not only reciprocal cooperation but cooperation with partners from capitalist countries as well. Joint ventures with Western partners are probably becoming even more widespread. The year 1988 provided a number of examples of this. Thus Hungary created enterprises and firms with the participation of West German, Austrian, and American capital. They will produce various kinds of products: compact disks, household chemical products, printed fabrics, window glass. By the middle of the year, there were 180 joint ventures in operation in the nation. Moreover, over half of them were created in the last 1.5 years. By the beginning of 1988, Czechoslovakia had signed 177 cooperative agreements with firms in capitalist countries and by the end of the year, their number comprised approximately 200. A considerable number of such agreements was concluded with Bulgarian enterprises and organizations. In the country there are 12 mixed companies in which firms of a number of capitalist countries, including Japan and the USA, participate.

However, industrial cooperation with Western partners is developing quite slowly; its share in the overall volume of trade turnover is small. This is in large measure connected with the considerable indebtedness of a number of CEMA countries to the West and the fact that they do not have a convertible currency. In 1988 the indebtedness problem continued to exert a substantial influence both on the foreign economic activity of countries in the community and on the entire course of economic development of Poland, Hungary, and Romania in particular. According to the estimates, the net indebtedness of CEMA member nations at the end of 1988 was approximately \$100 billion², including \$35.7 billion owed by Poland and \$15.5 billion owed by Hungary.

The signing of a joint declaration in Luxembourg establishing official relations between the CEMA and the EC in the summer of 1988 was a positive feature in the development of foreign economic relations of CEMA member nations with capitalist countries. This was unquestionably one of the remarkable results of the year that opened up a new stage in relations between the two largest economic groupings of European countries.

Nor can we fail to note such a characteristic feature in the foreign economic activity of CEMA countries in 1988 as the intensive restructuring of its actual mechanism and the search for additional levers and stimuli for active involvement in the international division of labor. In the USSR the December decree of the USSR Council of Ministers significantly simplified enterprises' access to foreign markets. Analogous measures are planned in Bulgaria within the framework of the general reform of the national economic mechanism, the implementation of which commenced last year. In Czechoslovakia, the new foreign economic relations law ratified in July 1988 gives enterprises substantially broader rights while preserving planned, centralized control over foreign trade.

In Hungary and Poland, where measures to democratize access to foreign markets were enacted earlier, further steps have been taken to form an optimal subject of foreign economic relations (the law on economic societies/companies in the HPR), to stimulate and enhance the effectiveness of export activity. Bulgaria, Hungary, Vietnam, Poland, and the USSR have taken measures to attract foreign capital. One such step has been the establishment of duty-free trade zones. These zones exist in Bulgaria (in the vicinity of the Danube towns of Vidin and Ruse) and in Poland (Szczecin). Decisions to establish such zones have also been reached in the USSR (in the Baltic republics and the Far East) and in Vietnam (on the Saigon River).

Measures taken by a number of CEMA countries to make effective use of foreign currency and to form a currency market should also be mentioned. Thus, in 1988 Bulgaria's ministry of economics and planning and People's Bank approved rules governing the sale of convertible currency for enterprises and organizations at auction [*na torgakh*]. Similar "currency auctions" are also held in Poland.

The formation of a flexible credit and banking system is another condition to the creation of a national currency market. Hungary, for example, has made the transition to a two-tiered system to this end. The Hungarian national bank performs foreign economic functions in their traditional forms. The functions of extending credit to enterprises, however, have been transferred to newly created commercial banks that have been granted the right of independent economic activity in the given sphere.

On the whole, 1988 can be called a year of intensive reform of the foreign trade mechanism and its integration with the general task of restructuring economic life of CEMA member nations.

Economic policy

The year 1988 occupied a special place in the economic policy of most countries in the community. Economic structures were reorganized, development priorities were reviewed, and the search was made for new forms of production organization. At the same time, particulars of development of individual countries were vividly

manifested and the pluralism of national strategies intensified thereby enriching the collective experience of socialist construction as a whole.

These features were specifically expressed in the orientation of the economic policy of European CEMA countries. Hungary and Poland have consistently and intensively pursued a course aimed at forming a market model of the economy. Bulgaria and Czechoslovakia have stepped up their reforms of late, but are carrying them out to a considerable degree within the framework of the existing system through the reorganization of individual management and production structures, through the more gradual and restricted introduction of elements of market relations in the economy. Finally, the GDR and Romania on the whole adhere to economic policy of previous years which gives priority to planned, centralized methods of management. (Naturally, such a classification is to a considerable degree conditional).

The situation that has developed in Hungary and Poland has a number of features in common. Their market relations are developing in the face of strong pressure exerted on their economies by their foreign indebtedness. Since 1988, economic reform in these countries has been accompanied by a more active process of change in the political sphere. Hungary has moved in the direction of instituting a multi-party system. The change of government in Poland has been followed by active dialogue with the opposition within the framework of a roundtable discussion.

Both countries are taking measures to normalize the structure of their economies, to curb unprofitable production, and to mobilize export resources to the maximum in order to improve the external balance. The strengthening of the economic independence of enterprises and the development of competitive principles are viewed as the most important objectives of economic policy. In addition to the positive results of this course: the adaptation of production to the actual requirements of the market, reduction of the size of the administrative staff, higher product quality, and the development of the producers' initiative, negative results: inflationary growth of prices, increased social tensions, are also seen.

Bulgaria is continuing its search for new organizational forms and structures. Starting in 1988, the country has abolished many elements of its government system: the state planning committee [gosplan], the committee for science and technology, the ministry of finance, etc. They have been replaced by 5 consolidated ministries (economics and planning; agriculture; foreign political relations; transport; culture, science and education) and by 11 interbranch complexes embracing practically all spheres of economic management (e. g., "Heavy Machine Building, Industry for Man, the Bulgarian Association for Tourism and Recreation," etc.).

The Czechoslovak program proclaiming a new federal government confirms the policy of accelerating the restructuring of the economic mechanism. Concrete measures have also been taken to reform pricing and to

combat the unprofitable operation of enterprises. For example, retail prices were rectified to a certain degree in the first quarter of 1988. Retail prices were reduced—by 16-37 percent—on numerous manufactured goods, including knitted outer garments, underwear, and children's clothing. At the same time, public catering prices were raised slightly.

The substantial restructuring of the management mechanism, especially in the area of prices, is planned for 1989. A November sitting of the CSSR Chamber of the People and the Chamber of Nations examined the reform of wholesale and purchase prices, the redistribution of financial resources, the restriction of state subsidies to industry, and the rationalization of the wage tax system. It was noted that the restructuring of wholesale prices (which did not affect retail prices) was intended to promote the introduction of new principles governing the operation of the economic mechanism, the profitability of production, and the rectification of its level by branch.

As already noted, changes in the GDR economic mechanism were conducted within the framework of the existing model of economic management. Here the individual and cooperative sectors are from the very beginning integrated into the structure of the economy and therefore the country does not have to make additional efforts to create and develop them. Principal attention is devoted to improving large-scale state production organized along the principle of combines. Certain corrections in the direction of greater independence have been made in the activity of these economic units. In particular, a program for the reorganization of the system for financing investments has gradually been implemented. The combines' own resources are coming to play a more prominent part as a source of capital investment and enterprises are playing a larger role in determining the concrete directions of investment policy. By the year 1990, self-financing will become the only form of the combines' investment activity of combines. Within the framework of the self-financing experiment, in which 16 combines participated, there were parallel measures to improve product pricing.

On the whole, as the Seventh Plenum of the Central Committee of the Socialist Unity Party of Germany (December 1988) once again stated, the country continues to advocate a policy that is based on the systematic use of public property to secure full employment and social guarantees to the population. The possibility of developing market relations are evaluated cautiously.

Romania's economic policy continues to be based on mandatory regulatory methods, on a regime of strict administrative responsibility. On a structural plane, there is a tendency to return to an economic management model based on a higher accumulation norm. At the same time, the gap observed in 1988 between the planned rate of economic growth (9-10 percent) and the actual rate of economic growth (3.2 percent) generates

doubt that the orientation toward the dynamization of the nation's development is realistic.

Economic policy gives priority to the strengthening of the export potential as a means of eliminating foreign indebtedness. A special decree to increase the wage fund for enterprises working for the external market has been adopted for the purpose of stimulating exports.

Last year the orientation toward a strict economy based on the elimination of foreign debt was relaxed somewhat. In particular, a decree has been issued for the purpose of increasing the norms and lowering the rates charged for the delivery of electric power.

In Vietnam the year 1988 was marked by the economic modernization processes, by the emancipation of the productive forces, and by the utilization of the potential of different socioeconomic orientations. The year saw the adoption of numerous important decrees and legislative acts concerning the reduction of mandatory plan indicators, the regulation of prices of raw materials and supplies, policy on the individual sector of the economy, the mechanism for managing state agricultural enterprises, etc. Foreign trade activity has been substantially democratized. This has been facilitated by laws on export-import duties and foreign capital investments. It must be said that the adopted measures have already had a certain effect that has been expressed in increased economic activity, in the creation of additional jobs, in the growth of exports, and in slowing down inflation to a certain degree.

The economic development of Cuba has continued at the same or even slightly higher level of centralized planning of production and distribution of investment and material-technical resources. At the same time, measures have been taken to nationalize management structures by eliminating superfluous links. In the area of production organization, it has been the policy to create enlarged production associations in which the basic personnel and technical potential will be concentrated. The transfer of a number of management functions of ministries to associations is planned. The long-range model of development of such associations is based on the experience of the activity of combines in the GDR.

The reorganization of a number of directions of the Mongolian economy in 1988 was analogous to measures taken in the USSR. The number of administrative personnel have been reduced. The 9 ministries and departments that were in operation last year have been

replaced by 5 new ministries and departments that more rationally combine interconnected branches. Legislative activity has become more active. A special commission was created for this purpose in March 1988. In April a draft law on the state enterprise in the MPR was promulgated (and was ratified in November). The law provided for the strengthening of economic accountability and the economic independence of enterprises. Significant attention is devoted to the restoration of traditional branches of the national economy.

For all the specifics of the forms and methods of economic policy, CEMA countries have implemented decisions that are similar in their content. Above all, these are measures to secure the maximum accumulation of material and financial resources for the needs of the further development of the economy. The conversion of defense branches of industry in CEMA countries to civilian production and the curtailment of military spending were new events of 1988.

The reorganization of systems of financing, credit, and taxation in Bulgaria, Hungary, Poland, the USSR, Czechoslovakia, and Vietnam also served the goal of effective utilization of financial resources. Active steps have been taken to diversify the forms and methods of enterprise financing, to reduce budget subsidies, and to attract additional money, using the uncommitted resources of enterprises and the population.

Naturally, the priorities of accelerated growth of progressive branches and technological retooling of production dictated by the modern scientific-technological revolution were common to European countries in the community.

The economic growth planned for 1989 for the most part corresponds to 1988 indicators, with the exception of Romania and Mongolia that are planning its acceleration (see Table 3).

Countries in which high economic growth is relatively stable (Bulgaria, the GDR) retain their orientation toward the accelerated development of the leading branches of industry—electronics, computer production, instrument making. Following the unsuccessful agricultural year, it is proposed to substantially increase the

Table 3 Planned Growth of National Income of CEMA Countries in 1989 (%)

BPR	HPR	GDR	Cuba	MPR	PPR	SRR	USSR	CSSR
6.1—6.2	0	1	1.5—2.5 ¹	7.1	4.2	8—9	4.6	2.2

1) Gross social product

volume of production in the agrarian sector (in Bulgaria—by 8.9 percent; in the GDR—by 3.8 percent compared with the average annual volume for 1986-1988).

The further increase in personal income is planned. In Bulgaria it will grow by 4 percent in real terms; in the GDR net monetary income will increase by 3.5 percent. What is more, Bulgaria is increasing the social orientation of its national economic plan. The share of the consumption fund will grow from 75.3 to 78 percent.

The basic tasks of Hungary's and Poland's national economic plans for 1989 are connected with the solution of such problems as improving the balance of trade, reducing inflationary trends, and restoring the balance in the internal market. However, this strategy is naturally of a long-term nature. In current economic policy, however, it is necessary to reckon with the realities of today. Thus, Hungary is planning the stabilization of the level of production in the basic sectors of the economy at the same time that the population's living standard indicators are declining. Consumer spending will decline by 1 percent while real personal income will decline by 2 percent.

While the general growth of exports in socialist countries will be 4.6 percent for socialist countries and 11 percent for capitalist countries, this indicator will be 1.8 percent for Poland. The growth of imports will be 7.1 percent, including 0.9 percent from socialist countries and 12.9 percent from capitalist countries. Improvement of the supply of consumer goods is planned. The commodity fund will increase by 6 percent at the same time that deliveries of industrial products will grow at a relatively more rapid rate. The basis for this must be secured by a 4.2 increase in industrial output and a 2.8 percent increase in agricultural output.

High growth rates of the basic economic indicators are still included in Romanian economic development plans. According to the plan, industrial production must increase by 9-10 percent (for net output); agricultural production must increase by 5-5.5 percent while the overall increase in investment in the national economy must be by 4-5 percent. The higher accumulation norm will be the basis of economic growth.

Czechoslovakia is the only country in the community that planned lower growth for 1989 than in the preceding year. Such an orientation is based on the need for the substantial reduction of capital construction. Investments are reoriented toward the reconstruction and modernization of existing production. The basic indicators will continue to grow, although to a lesser degree than in 1988, in the social sphere. The population's money incomes will increase by 2.7 percent; consumption—by 2.3 percent.

Footnotes

1. In current prices.

2. ECONOMIC BULLETIN FOR EUROPE, U. N., New York, October 1988, p 45.

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BOOK REVIEWS

Book on West European Military Integration Reviewed

18160016g Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7, Jul 89 pp 136-139

[Review by P. Cherkasov of book "Zapadnaya Yevropa: voyenno-politicheskaya integratsiya" [Western Europe: Military-Political Integration] by V. G. Baranovskiy, Mezhdunarodnyye otnosheniya, Moscow, 1988, 200 pages]

[Text] Until recently there were two basic discernible approaches in Soviet political scientific literature on West European integration. The first was distinguished by quite vulgar ideologization in the explanation of the driving forces behind the integration process, when everything was reduced exclusively to anti-Sovietism. Such a point of view was primarily characteristic of our publications in the '50's and '60's. Another approach, that can be characterized as the economic-technocratic approach, was affirmed in the '70's: everything was adduced exclusively from economic integration. The political and military-political integration processes that have taken place in Western Europe have thereby been deprived of even minimum autonomy. The prolonged, totally unjustified ignoring of the European Community as a political and not only an economic reality, became the consequence of such a scornful attitude. Not until the last 2-3 years has this aspect of the topic been developed.

The book is based on what I consider to be the only correct approach to the analysis of such a complex, multilevel phenomenon as West European integration in political and military-political areas, taking the entire diversity of the components of this process into account. Various integration plans are viewed in connection with the concrete historical realities in which they originated and were implemented: the first postwar years; the Cold War period; detente, which gave way to a new deterioration of the international situation; and the situation in the mid-eighties. A comprehensive analysis is given of Europism [*Yevropeizm*] as the most important phenomenon in the postwar history of Western Europe and the interrelations of the three main directions of Europism: East-West relations, Western Europe-USA, and the internal West European balance.

Given the split on the continent and the threat of military confrontation between West and East, the development of military-political integration became a natural stage in the process under review. The meaning of military-political integration and the question of what

should and should not be included in this definition are still open to discussion. Disputes concerning the mechanisms, channels, and prospects of this process are also continuing. What is the viewpoint of the monograph's author?

V. Baranovskiy believes that military-political integration is parallel to and to a considerable degree coordinated in three principal channels: NATO, the European Community, and the West European Union (WEU). He identifies six basic features that comprise the process of West European military-political integration today and in the near future (pp 181-183).

The first reference is to reciprocal consultations on security and on policy coordination in the realm of security. They are carried out through the EC foreign policy mechanism, at sessions of the NATO Council and the WEU, and on a bilateral basis.

Next is coordination or joint implementation of military policy proper. This entails the discussion of the strategic situation and its consequences for the interested parties and the discussion of military doctrine and common problems of the armed forces, and the elaboration of positions in connection with arms limitation and disarmament negotiations.

Another component of this process is the coordination of actions connected with the supplying of troops with weapons and combat equipment. These questions, including the standardization of armaments and their interchangeability and joint production, are resolved primarily on a bilateral basis as well as in NATO and the Independent European Programming Group.

West European countries practice interaction (primarily through NATO) between individual links of their military organizations—command elements and headquarters, units and subdivisions, etc. They do so in regular military training exercises in which France also frequently participates despite the fact that France is not a formal part of the integrated military organization known as NATO.

The coordinated line in the realm of defense can run through operational planning and troop control. This is the most important aspect of military-political integration today since it relates directly to the organization and activity of the armed forces.

Finally, we read that in the future "one can imagine a more advanced phase of military-patriotic integration when all or most elements of the military structure are in fact combined" (p 183).

The author calls attention to the fact that the NATO presence is felt in all aspects and in all stages, which emphasizes once more the continuing "Atlantic" (and hence American) influence on the ongoing integration process. Nevertheless, Western Europe's own defense interests frequently clash with U.S. interests. In these cases an important role is played by regional organizations—the EC and the WEU, within whose framework

West European countries frequently resolve their own specific problems of a military-political and military-technical nature.

The monograph presents a detailed analysis of military-political integration in NATO, the EC, and the WEU. Characteristically, none of the three associations monopolizes West European countries in the sphere of defense and military organizational development. "All these groupings," the author emphasizes, "in a certain sense supplement one another in the development of regional military-political integration" (ibid.).

Even though the reader unquestionably has some idea about the activity of NATO and in part about the EC, the book substantially expands this idea as regards the role of these organizations in military-political integration. At the same time, he knows virtually nothing about the West European Union and its role in the development of military-political integration. The monograph, essentially for the first time, gives a detailed account of the history of the WEU from its creation in 1954 to our days and indicates the reasons behind its prolonged period of vegetation (from the '50's to the '70's) which the authors attributes principally to the union's structural and organizational imperfections (pp 116-130).

Here I will permit myself to disagree with V. Baranovskiy. In my view, the reason cited by him was not the only one. It is entirely possible that at the time the WEU was created, its founders did not place before it broad to say nothing of more remote objectives. Their main concern at that time was to integrate the FRG into the system of Western alliances. The West European Union was conceived primarily as a control organ (vis-a-vis vanquished Germany). For this reason it remain in the shadows for a long time and was naturally unable to compete with NATO or the EC. And as the author himself writes (pp 137-143), not until the mid-1980's, when the WEU's restrictive-monitoring functions vis-a-vis the FRG were essentially exhausted, did this union begin to orient itself exclusively toward military-political integration. Of course while there is as yet no reason to think that it will become the central link in the investigated process, there is no doubt that it will play a more important role here.

A characteristic feature of West European military-political integration is that it also develops outside the framework of NATO, the EC, and the WEU. The monograph analyzes all "abnormal" channels of cooperation of West European countries in the sphere of military production, in their search for a common approach to antimissile defense and the military use of space, etc. The author explains the reasons for the evolution of Western Europe from a guardedly negative attitude to actual support for SDI, reveals the circumstances behind the development of plans for the so-called "European defense initiative" (EDI), and briefly but quite completely examines the present state and prospects of French-West German military cooperation which entered a qualitatively new stage of development in the

'80's. The possibility of extending the French nuclear "sanctuary" to the territory of the FRG and of France's participation in "possible fighting in frontline positions," i. e., on the eastern borders of the FRG are already discussed openly today. In 1987 a plan was advanced for creating a joint French-West German military unit 3000-4000-men strong at the brigade level. This is not merely a bilateral experiment but may possible be the prototype of "joint European defense" (p 178). It cannot be excluded that the "Paris-Bonn axis" created by de Gaulle and Adenauer a quarter century ago might become a central element in the military-political structure of the West German region.

Nor did the book ignore the obvious and hidden obstacles that hinder the development of military-political integration. They include: the reluctance of the USA to lose control over West European military-political integration, that causes mixed feelings in Washington; serious disagreements within Western Europe proper (between individual countries and groupings, between Atlantists and Europists, between nationalists and internationalists, etc.); the financial side of the matter (not all countries have the money or the desire to finance extremely expensive military projects); and, finally, the position of the progressive community that is seriously concerned with the negative impact of the given phenomenon on world politics as a whole.

As regards the Soviet Union, which has never concealed its negative attitude toward plans for military-political integration, it is an advocate of fundamentally new approaches to security. Today it cannot be one-sided, "only for oneself." The orientation of the new political thinking is toward the renunciation of attempts to strengthen security at the expense of the interests of the opposing side, toward overcoming the opposition between the Eastern and Western parts of Europe, toward reducing and eliminating the threat of war. Real security can be realized only through the joint efforts of all European countries with the participation of the USA and Canada.

"With the elimination of confrontation," the reviewed monograph emphasizes, "with the elimination of the nuclear threat, and with the affirmation of the spirit of cooperation and mutual understanding on the continent, the basis will be eliminated for military interaction not only between West European countries but also between the Soviet Union and East European countries" (p 190). This does not mean the denial of the lawful right of the state to concern itself with the military aspects of its security, but rather means the necessity of a new understanding of it when the striving to secure common interests is the point of departure.

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Book on the Evolution of West German Security Policy Viewed

18160016h Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7, Jul 89 pp 139-140

[Review by A. Akhtamzyan of book "Obshchestvenno-politicheskaya borba v FRG po voprosam mira i bezopasnosti (1949-1987 gg.)" [Sociopolitical Struggle in the FRG Concerning Questions of Peace and Security] (Responsible editor: D. M. Proektor, doctor of historical sciences) by L. G. Istyagin, Moscow, Nauka, 1988, 167 pp.

[Text] The work under review will indubitably help to overcome many stereotypes that formed during the years of Cold War and tension. For decades they set the tone for the press which was in turn reflected in scientific publications. The author takes a fresh look at events in the recent past in order to eliminate the tendentiousness that has accumulated in our historiography. For example, the data and documents cited by him do not confirm the popular thesis that West Germany's social democrats rendered *de facto* support for the Adenauer government's policy of militarization and of incorporating the FRG in NATO.

We note that the antimilitarist sentiment of West Germany's population during the first postwar years was so considerable that even in bourgeois parties, e. g., the CDU [Christian Democratic Union], there were many who spoke out in favor of German neutrality in world and even European affairs even before the formation of the FRG (pp 16-17). The scholar correctly emphasizes the significance that the activity of such political and public figures as G. Heinemann, M. Niemoller, and K. G. Pfeleiderer held for braking and frustrating the accelerated militarization program of K. Adenauer's government.

The author examines the inception and development of the movement against "atomic death" and shows that the new political thinking germinated on West German soil, winning the sympathy of the public—from prominent physicists and biologists to the ordinary citizen of the federal republic. He views the famous Gottingen Declaration and the Letter of the 99 in the context of the sociopolitical struggle not on a narrowly nationalistic or individual plane but in general human terms (p 37).

The book focuses its primary attention on analyzing the antiwar movement in the late '70's and in the '80's, which, after reaching its apogee in 1981-1983, became entrenched in the political arena and (changing and improving its forms, methods, and slogans) became a permanent factor exerting pressure on the party-government mechanism. Unfortunately the researcher occasionally errs in the direction of exaggerating the influence of social forces on the nation's foreign policy and does not by any means always reckon with the fact that the nation is actively participating in the NATO system.

The work reveals that in the '60's, at a time when there was a thaw in world politics while in the FRG proper public antiwar activism remained at a low level, the incumbent CDU/CSU [Christian Democratic Union/Christian Social Union] bloc stubbornly sabotaged detente. To the contrary in the '80's the same bloc, in a similar role as ruling party, after a relatively brief period of hesitation, opted to support the line of agreement with the USSR and even made its own constructive contribution to this cause by refusing to countenance the further deployment of Pershing IA missiles. This was to a considerable degree because the Christian democratic camp, having suffered losses in the 1987 elections, had learned the lessons of the recent antimissile campaign and did not want to run the risk of reawakening new "debates about up-arming" (pp 104-107).

The study also analyzes situations in which positive foreign political decisions mature within the parliamentary parties themselves but are formulated into policy with the aid of impetus "from below," from social forces, from "the street." The SDPG [Social Democratic Party of Germany] and the FDP [Free Democratic Party], upon coming to power in 1969, made what was for them undoubtedly the bold and realistic decision to conclude treaties with the USSR, Poland, Czechoslovakia, and the GDR. They made this abrupt change in the course of the preceding period and entirely independently, but it was made easier and received additional justification in the eyes of the conservative community as a result of the activism of the nonparliamentary opposition, including the New Left (pp 62-65).

The merit of L. Istyagin's work is its thorough analysis of the modern antiwar movement and its different currents. For all its social and ideological heterogeneity, the FRG antimilitarist camp has succeeded in developing common strategic approaches and in bringing them to the masses. This is, in particular, due in no small measure to the West German communists and their closest allies even though the deep-rooted anticommunism in the country naturally sharply limits the communist party's potential to influence state policy directly.

The work examines the basic features of the program of the Greens and new social movements connected with them. While in their initial, "incubation" period (approximately 1978-1980), they did not always support the actions of fighters for peace and disarmament, they were subsequently able to overcome in large measure the mistakes of their beginning period and not only joined in antiwar actions but also helped the movement to combine the struggle for peace and the environmental protection into the common slogan of human survival (pp 119-126). But it is not entirely clear why the author deemed it possible to give very short shrift to such problems—that are very important in the aspect of his research—as the approach of the Greens to military alliances, trends toward "Euromilitarism," and practically ignored entirely the uniqueness of a number of smaller but active "autonomous" and "independent" groupings.

The book devotes much attention to the analysis of the Christian-pacifistic branch of the movement and the entire clerical spectrum of public opinion in the nation. There is all the more justification for this because the latter is little known to the Soviet reader. It is specifically here that particularly deep-seated changes in recent years have had major political consequences. The turn of many evangelical and, following their example, Catholic "peace" organizations from the abstract-ethical condemnation of the war to actions with specific slogans against neutron bombs, chemical weapons, "Euromissiles," SDI, and at the present time to work for radical improvement in relations between the USSR and the FRG and for the revival of the tradition of multilateral cooperation between them found favorable response not only on the left flank and in the center of the political spectrum, but also in the conservative wing that is very influential in the FRG and that is politically represented by both Christian "sister parties"—the CDU and CSU (pp 126-131). Incidentally, if the author is for the most part correct in his assessment of the confessional camp, in the sense of exerting an influence on the ruling hierarchy, his exaggeration of the role of certain quite small groups (of the type "Christian Democrats—in favor of steps toward disarmament") is obvious (p 130). They, like tactical statements by some Christian Democratic politicians, are hardly actually directed toward bringing about a certain transformation of the course of the CDU/CSU. They themselves more likely reflect the already altered general climate primarily under the influence of the initiative of the USSR and Soviet-American agreements that have been reached.

Finally, the book examines a question that is in many respects a delicate question to the FRG antiwar movement—the place and influence of Social Democracy in the movement. Its share in the movement is specifically raised in proportion to the SDPG's adoption of the new foreign political thinking, and this causes certain groups in the antimilitarist camp to fear (considering the sad experience of the '50's) that the SDPG will swallow and integrate the movement and, after "digesting" it, will return to the positions of the government party, to the support of "defense" initiatives. The author maintains that such a danger does not exist in the present situation; in his opinion, the antiwar movement is so powerful and sovereign that it will not allow itself to be drawn into a trap and that at the present time it will more likely lead the SDPG than the converse (p 136). This conclusion rests on a solid foundation but nevertheless the events here are still in flux.

In addition to those already noted, the work also contains certain other shortcomings that are chiefly connected with the obvious narrowing of the research topic and its uneven chronological coverage: the post-seventies occupy a disproportionately large place, which is evidently connected with the attempt to make the subject matter more timely. The author makes only casual mention of the circumstances of the Cold War between the '40's and '60's even though he states, in accordance with the truth, that it "was the favorable"

soil that promoted the remilitarization of West Germany. While it is true that he discards the platitude that the West was exclusively to blame for the Cold War with its chain of most dangerous crises (pp 19-20), he does not go further in revealing its sources, driving forces, and consequences. Here one clearly feels the lack of archival documents that could shed light on the events of that period. To our way of thinking, this would make it possible to eliminate at least in part this "blank space," to explain the reasons for the defeats of West German antimilitarists and the easy successes of the Adenauer policy of national division and rearmament.

L. Istyagin's for the most part serious study, which is based on the introduction of a very large body of documentary material (especially on the antiwar movement), opens up one of the most promising directions in the investigation of modern international processes on the basis of the study and identification of the social roots of foreign policy activity of one of the leading countries in Western Europe. This obviously explains the fact that the monograph is met with interest of both specialists and the broader readership.

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18160016i Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7, Jul 89 p 147

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Chronicle of Institute Activities

18160016k Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7, Jul 89 pp 150-151

[Text] On 7 April a sitting of the IMEMO Academic Council heard and discussed the report by Professor G. I. Mirskiy, doctor of historical sciences: "Dictatorship and Democracy: The Fate of Military Regimes in the Third World." "The disease of underdevelopment," it noted, inevitably generates and will continue to generate various kinds of conflicts on a national-ethnic, religious, and class basis in the liberated countries. Chronic instability here reflects society's profound disenchantment with the unsatisfactory results of economic and social development in the postcolonial period. It is connected, in particular, with the absence of strong bourgeois and proletarian classes capable of social hegemony in the majority of instances, with the heterogeneity of society, which creates conditions for the unprecedented strengthening of executive power and state organs, including the army.

The economic weakness of the private capitalist economy, the speaker emphasized, supports and nurtures the relative independence of the superstructure. The tendency toward authoritarianism grows on the basis of economic "dirigisme" and etatism. Where capitalist development cannot be realized with sufficient effectiveness under the leadership of the bourgeoisie and the political parties expressing its interests within the framework of the parliamentary system (that does not correspond to the nature of backward society, its conditions and traditions), where the bankruptcy of this system leads to protest and the indignation of the masses, the military bureaucracy, which has powerful coercive means at its disposal, takes matters into its own hands. But if not only the concrete regime but the entire system of social organization are discredited and if the ideological atmosphere in the country favors the elevation of left-wing forces, power will fall into the hands not of a military bureaucratic corporation, but of a revolutionary group of officers, usually at the middle and junior level. The result is a regime with a socialist orientation that incorporates etatist-centrist and traditionally collectivist tendencies (engendered by a communal spirit). Its leaders clash with the strongest resistance of a society that is not prepared to accept a centralized, unifying system, that is not in a position to create an effectively functioning economic mechanism, to find stimuli motivating people to work conscientiously, etc.

G. Mirskiy believes that in the majority of cases a military-bureaucratic corporation that has ties with the growing bourgeoisie is affirmed in power. However, the longer the latter is "under the wing" of the military, the speaker emphasized, the more it strives for a type of government that will enable it to control government policy entirely and to become the master of the situation. The demise of military dictatorships in Brazil and Argentina, for example, has been connected with this factor to no little degree. What is more, the obvious crisis of military regimes that is observed everywhere is also explained by the influence of such factors as their inevitable erosion, "fatigue" (as the inability of the generals to manage the economy becomes apparent), and internal discord between military factions as a result of the extreme heterogeneity of the military corporation. The steady spread of democratic tendencies in accordance with the general spirit of the time—tendencies that have grown stronger as at least the embryos of civilian society have developed—is especially important.

A colloquium organized by the Belgian journal *CAHIERS MARXISTE* was held in Brussels on 10 and 11 March 1989 on the topic "Europe-92: What Should the Strategy of the Left-Wing Forces Be?" Its participants included representatives of left-wing (communist, social democratic, trade union, independent) political journals of countries belonging to the European Community. Among them: *MARXISTISCHE BLATTER* (FRG), *BULLETIN IZER* (FSP Science Center), *PENSEE* and *M* (France), *DEMOCRAZIA E DIRITTO* (Italy), *NEW LEFT REVIEW* (Great Britain), *KOMMUNISTIKI EPITEORIKI* and *TEORIYA NAI PRAXIS* (Greece), and a number of Belgian periodicals of various orientations. Representatives of the print media from Hungary, Sweden, and the USSR (*MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENiya*). MEMO participants in the colloquium: G. G. Diligenskiy, the journal's editor-in-chief; and I. A. Yegorov, the journal's Paris correspondent.

There was discussion of wide-ranging questions connected with the activity of left-wing West European parties and trade unions under the conditions of the new stage of West European integration and the formation of a single market within the framework of the EC in 1992. As noted by discussion participants from countries belonging to the Community, a leading role in the increasing integration process is played by right-wing and right-wing-centrist political circles that are guided in their integration policy by the principles of neoconservative socioeconomic doctrine that is by now quite completely exhausted within the framework of individual West European countries. On the basis of many examples, participants in the colloquium showed that such a state of affairs creates the danger of very negative social consequences of the formation of a single market—the further deepening of differences in the socioeconomic status between working people in the leading, promising, and traditional branches in regions that are developing and regions that are declining. Mechanisms for managing integration processes and the growing

volume of decisions on socioeconomic problems that have been taken in the upper echelons of management of EC organs and the deepening of political integration that increases the influence of these organs on the situation in individual countries can lead to a situation in which the unification of wages, social payments, and other components of the economic status of the working people will be carried out at a lower level. As many speakers noted, the unemployment problem is the most urgent social problem that will intensify with the new phase of integration.

The situation that has developed confronts the labor movement and left-wing forces in Western Europe with the vitally important task of developing their own alternative on problems of integration and ways of means of struggle for its implementation, of opposing neoconservative and technocratic trends that are influencing integration processes. Participants in the meeting are of one mind that there is not such whole left-wing alternative on integration problems and that the positions of labor organizations on these problems are of a primarily defensive nature. The situation is all the more alarming because it is not only not being overcome, but because the split in the labor movement in Western Europe is widening even more, and because the influence of the trade unions is diminishing. Participants in the colloquium tried to substantiate concrete proposals on the development of a left-wing alternative. It should be noted that the discussion was on the whole in a unitarian spirit, that representatives of the communist parties and the Social Democrats did not emphasize their disagreements, but tried to find common approaches.

The colloquium's organizers made the foreign political aspects of integration, the prospects for the development of international relations on the European continent, and the question of relations of the EC with Third World countries a separate point of its program. The Soviet representative was called upon to deliver the report on general European problems. The report by G. G. Diligenskiy clarified the idea of the "common European home, illuminated the problem of relations between the EC and the CEMA, presented a point of view on problems of West European integration, especially its military-political aspects, and raised the problem of strengthening European security.

Foreign political questions of European integration were discussed in the report of Italian CP executive G. Cervetti, who spoke at a broader meeting ("Forum") organized in connection with this colloquium and devoted to the twentieth anniversary of the journal *CAHIERS MARXISTE*.

IMEMO was visited by D. MacGovern and American economist employed by the Bank of America (San Francisco). In his institution, he is a responsible specialist on relations with socialist countries. He devoted this trip to the USSR to the study of important changes in the Soviet banking and finance system. He evaluated the present state of relations between the two countries in the

d credit sphere in the course of a talk with
lars and at the same time expressed the hope
nection with the warming-up of the political
re will also be changes for the better. It is
on this basis, according to him, that present
y is formulated. Most attention is devoted to
of joint ventures in which Bank of America
it be interested. There is no basis for stating,
noted, that the USSR's foreign debt has
critical point and hence the "Soviet risk" is
valuated in the USA as minimal. The main
re, as in the past, is political pressure from
e circles. Currency and credit relations are
o a much greater degree than trade relations
npts to develop banking contacts with Soviet
l entail certain political difficulties.

an specialist showed particular interest in the
ascertaining the real exchange rate of the
, of its gradual transition to convertibility,
of the banking system and state finances.
representatives gave a detailed explanation of
situation and provided the necessary clarifi-
MacGovern expressed his ideas regarding the
new banks in our country and mentioned his
cerning the expedience of forming banking
belonging to enterprises and ministries:
be contradictions between the interests of
s and the bank itself as an independent
ting unit. As regards the entry of new banks
ternational market, he does not see any
re as long as there are guarantees by state

In conclusion, the visitor reported inten-
tinue business contacts with IMEMO of the
emy of Sciences.

HT: Izdatelstvo TsK KPSS "Pravda",
ekonomika i mezhdunarodnyye otnosh-
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"Mirovaya ekonomika i mezhdunarodnyye otnosh-
eniya", 1989.

Publication Data

18160016M MIROVAYA EKONOMIKA I
MEZHDUNARODNYYE OTNOSHENIYA in Russian
No 7, Jul 89 [Text]English title: WORLD
ECONOMICS & INTERNATIONAL RELATIONS
Russian title: MIROVAYA EKONOMIKA I
MEZHDUNARODNYYE OTNOSHENIYA Editor:
G.G. Diligenskiy Publishing house: Izdatelstvo TsK
KPSS "Pravda" Place of publication: Moscow Date of
publication: July 1989 Signed to press: 15 June 1989
Copies: 25,000

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda",
"Mirovaya ekonomika i mezhdunarodnyye otnosh-
eniya", 1989